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Automotive News

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War comes home to auto industry

Security tight, CAFE returns

By Lindsay Chappell and Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTERS

As cruise missiles sailed into Baghdad last week and Big 3 office buildings tightened security, Congress was preparing tough new fuel-economy legislation.

The war and anxieties over foreign oil are expected to give momentum to two new bills to raise corporate average fuel economy. They are similar to the CAFE measures hotly opposed by the industry and narrowly beaten in Congress four months ago.

One would require a 60 percent increase in current fleet mileage by model-year 2001.

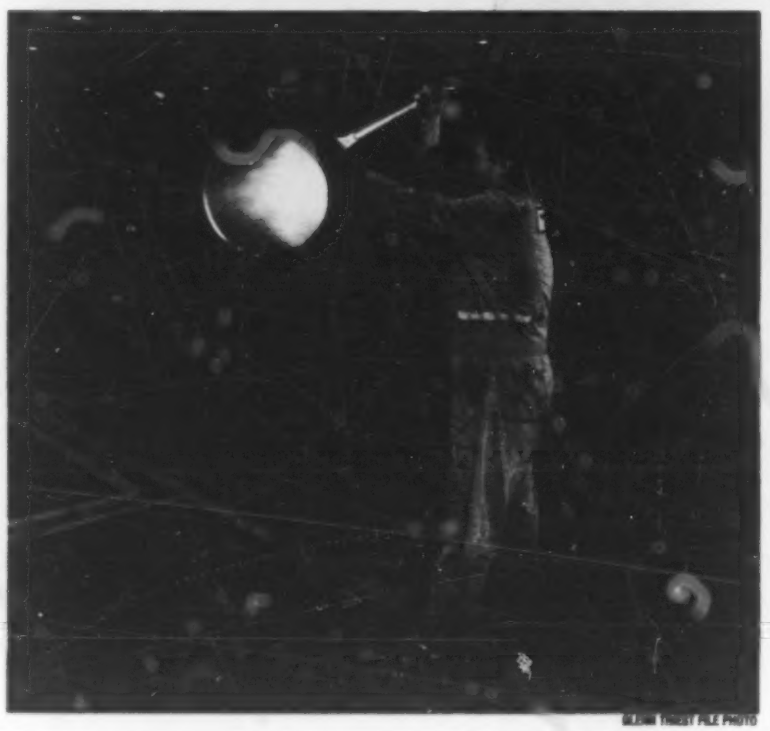
The allies' war against Iraq, and the uncertainty leading up to the war, sent waves throughout the industry:

- Customers stayed away from showrooms in droves. Sales of domestic cars declined 30.8 percent Jan. 1-10 from a reasonably good period last year, and no one predicted increases once Operation Desert Storm was launched Wednesday, Jan. 16.
- To protect against terrorism, automakers increased security at plants and offices and have restricted foreign travel.
- Automakers from Turin to Tokyo say war adds more uncertainty to national economies that are already declining.

In Washington, the allies' war against Iraq could make it more difficult for the auto industry to defuse the movement to cut fuel consumption through tighter CAFE rules.

Sen. Richard Bryan, D-Nev., is expected this week to reintroduce a CAFE-raising bill defeated last fall. His bill would force each automaker to raise its average fuel economy 20 percent by 1995 model year and 40 percent by the 2000 model year. The current car CAFE standard is 27.5 mpg. Japanese

see CAFE, page 44



Carl Dumas, foreground, and James Boglev put the finishing touches on an M1A2 tank at the General Dynamics tank plant in Warren, Mich. In July, Saudia Arabia placed an order with the U.S Army for 315 of the M-1 tanks. The Army had planned to mothball the plant in July 1992. Additional stories about the war impact on Pages 2, 44 and 45.

BLAINE THOMAS FILE PHOTO

Ad strategy revamped to fit times

By Arlena Sawyers
AUTOMOTIVE NEWS STAFF REPORTER

Some automakers and dealer groups have changed advertising strategies with the advent of war.

While many manufacturers said last week it was too early to determine how advertising will be affected during the war, two said they have pulled their commercials from television news coverage of the war.

They and others either have toned down or are considering toning down the content of ads to match the somber mood of the country. Dealer group advertising reaction is mixed.

For several hours after the war started Wednesday evening, major networks devoted all of their time to news coverage. Few or no commercials were shown.

Toyota Motor Sales in U.S.A. and Ford Division told television networks they do not want their commercials to air during news coverage of the war, even if time is available.

see MARKETING, page 44

WORLD CONGRESS

Environment, car regulation are hot topics

By Mary Beth Vander Schaaf
NEWS EDITOR

DETROIT — The specter of government regulation and environmental issues remain primary concerns of the auto industry despite the Middle East War and the U.S. economic downturn.

Twenty-eight industry experts hammered away at those topics as they addressed several hundred attendees during the four-day Automotive News World Congress last week.

AUTOMOTIVE NEWS/JOE WILSSENS

Keith E. Crain, center, *Automotive News* publisher and editorial director, visits with opening night speakers at the Automotive News World Congress. They are Robert Lutz, left, president of Chrysler Corp., and Joseph T. Gorman, chairman of TRW Inc. Additional Automotive News World Congress stories: Pages 3, 20-31 and 46.

Although the war crisis set the backdrop for the 15th Automotive News World Congress, the regulation and environmental issues dominated right from the start. In his keynote address Sunday night, Chrysler Corp. President Robert Lutz cautioned that environmental extremists may make suckers of the public and called the Bryan corporate

see CONGRESS, page 46

Runkle urges 'moon shot' on energy, air and safety

By Jack Keebler
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — General Motors' top engineer has called for a joint Big 3-government "moon shot" to solve energy, environmental and safety problems by the end of the decade.

Donald L. Runkle, GM's vice president of advanced engineering, said his vision for cooperation includes only American companies and the government.

"What I've been thinking about goes something along the lines of John F. Kennedy's challenge to America ... put a man on the moon," Runkle said at the Automotive News World Congress last week. "It was an extraordinary, high-risk proposition, one that required an extraordinary degree of cooperation between government and industry."

Such national cooperation is common in the Japanese industry. And Wolfgang Reitzle, head of research and development at BMW AG, told a World Congress audience that German carmakers have joined to develop technology to meet California's emission standards.

Other automotive executives have argued that in a global industry, U.S. antitrust laws hamper American automakers in competing with companies in countries that allow cooperation. For example, Chrysler Corp. President Robert Lutz, who has long European experience, has made a regular theme of the non-cooperation between the U.S. government and industry.

Runkle

Runkle acknowledged that adjustments to U.S. antitrust law might be required.

While Runkle said his proposal was just his personally, he also said it had at least tacit approval from GM Chairman Robert Stempel.

"Look, Stempel let me make this speech," Runkle said. "These problems are a big job. Maybe they're bigger than us alone. And Stempel will be talking about this more in the months ahead."

Just the previous week, GM President Lloyd Reuss asked for industry cooperation to develop better batteries for electric cars.

The Big 3 have been increasing cooperation in recent years.

Runkle said that the National

see RUNKLE, page 46

IN

edit seizes vehicles

Credit Co. took possession
e inventory of a Long Island
belonging to Sunrise Auto
. Story on Page 3

MIDDLE EAST CRISIS

WAITING GAME

Television grabs more takers than cars at California dealer on first day of war

By Kristine Stiven Breese
AUTOMOTIVE NEWS STAFF REPORTER

CARSON, Calif. — The two 30-foot American flags waving in front of Don Kott's three dealerships have rarely seemed so significant.

When the United States began bombing Iraq last week, Kott and dealers like him across the country had to go about the business of selling cars. The flags served as a reminder of battles much larger than those being fought on showroom floors.

Kott retailed more than 5,000 new cars and trucks last year in his Ford, Lincoln-Mercury and Chrysler-Plymouth stores on 26 acres south of Los Angeles, a stone's throw from the crowded San Diego Freeway.

But on Thursday, the day after American-led forces began bombing Iraq, the war was on everyone's mind and showroom traffic was almost non-existent.

For those buyers with immediate needs, however, life went on. Unfortunately for Kott, there were precious few such buyers at his biggest-volume store, Don Kott Ford, during the 13-hour day:

8:45 a.m. A few employees sit in the waiting area of the service department. On the television, ABC's Peter Jennings is reporting on the Gulf.

9:15 a.m. Dealer principal Don Kott strolls over from the adjacent Lincoln-Mercury store. Kott and general sales manager Jim Leimbach discuss the war. Both say they've been glued to the TV.

"So far the military reports and financial news is encouraging. Maybe we'll sell some cars today after all," Kott says with a smile.

9:30 a.m. Kott and Leimbach are joined by general manager Jeff Childers. Childers says that the crisis and recession have been relatively kind to Kott's operations, and that sales have been steady.

9:45 a.m. No customers in the showroom and no traffic on the lot, but a few salesmen are working deals over the phone.

10:05 a.m. Salesman Bill Siravo stares out the floor-to-ceiling window and says he's upbeat about the day. "This area has a lot of blue-collar, middle-class people. They're steady. It's a good fit for Ford," Siravo concludes.

10:40 a.m. What appears to be the first "up" of the day wanders down a row of Ford Explorers. The chatting salesmen don't see her at first.

Jenny Jones, 25, says she needs "something a little more conservative and a little more reliable" than her aged Jeep, because she's got a new job.

VINCENT DE LEON

The day after U.S. forces began bombing Iraq, the television in the service waiting room at Don Kott's dealerships in Carson, Calif., attracted more attention than the new and used cars outside.

Jones says she's worried about the war, and is only prepared to "look, not buy," because of the cloudy economic climate.

10:50 a.m. Five service customers watch Peter Jennings and wait for their cars. Little traffic on the lot.

11:00 a.m. Two men arrive from Bel-Air Patrol, a local home security company. Jim Hutchinson and his partner are there to pick up two new, white 1991 Tauruses. Hutchinson says that in spite of the war, he's working "like it's any other day."

11:10 a.m. Anthony Goodall, 21, his father and brother drive onto

see DIARY, page 45

PAUL WEIGLE

Russ Collins, showroom manager at Waller Buick in Nashville, Tenn., thinks people may be using war as an excuse for being nervous about buying.

'The situation in our showroom is horrible'

By Liz Pinto
AUTOMOTIVE NEWS STAFF REPORTER

Middle East crisis, recession, wintry weather — consumers had lots of reasons to stay home in early January.

Sales of domestic vehicles dropped 31 percent in the first 10 days of the month. According to most dealers surveyed last week, things got no better in the days approaching Jan. 15.

Here's a sampling of their comments, taken before and after the U.S. attack on Iraq:

● "In one word the situation in our showroom can be described as horrible," said Susan LaTorre, sales manager for Bast Chevrolet in Seaford, N.Y. "It's the most frightening experience I have ever had after 10 years in the car business."

● "Customers aren't in a buying mood because of the Gulf situation," said Harold Neeley, owner of Central Dodge in Springfield, Mo. He said sales were terrible in the first half of the month because of heavy snow and ice cover. "We're just now thawing out."

● "People seem to be more patriotic during war times, and if it's a long drawn-out thing I think it will be good for American cars and bad for imports," predicted Ron

see DEALERS, page 44

EUROPE: *Automobile companies beef up security and worry about further sales declines*

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — The European operations of General Motors, Ford Motor Co. and Chrysler Corp. are taking special security precautions in the wake of Middle East hostilities.

Meanwhile, there are concerns that a protracted war may intensify the current slide in the European new-car market.

GM and Ford each have about 115,000 employees throughout Europe. Chrysler has a fledgling sales organization in Europe and is setting up a joint manufacturing venture with Steyr Fahrzeugtechnik in Graz, Austria, for production of Voyager minivans beginning later this year.

GM and Chrysler have sharply reduced commercial air travel by company employees. Ford has issued a warning for its employees and is considering an outright ban on flying commercial aircraft.

"Certain meetings may be postponed or may be conducted over the telephone," said a GM of Europe spokesman.

General Motors' low-profile European headquarters in Zurich, Switzerland, houses about 200 employees and company officials have sought to draw little attention to the operation.

Chrysler's European sales headquarters in Dreieich, Germany, near Frankfurt, closed its offices last Tuesday as a security measure. Employees were working out of their homes late in the week.

Michael O'Mara, manager of sales for Chrysler Europe, conducted a security briefing with the 28 employees in Dreieich and appointed a security officer to be the liaison with local police.

In Italy, a frequent target of terrorist attacks in the past, a Fiat S.p.A. spokesman said Italian internal security officials will supervise special police checks of key industrial facilities in the country. Fiat has arranged for the evacuation of employees' families in other countries in the region, including Algeria, Egypt and Turkey.

A GM Europe spokesman said the war "could have a major impact not on only oil supplies, but the economy and motor industry."

The European market is already under siege. In December, nine European markets were down by levels ranging from 15 percent to 47 percent.

"There could be a short-term dip in sales unconnected with the economic impact," said analyst Edmund Chew of DRI Europe in Frankfurt. "You could see a bit of postponement of sales."

"The uncertain situation can do no good," added a Fiat spokesman.

A BMW spokesman said it is difficult to predict the outcome of hostilities on the auto industry.

"Will it suddenly strengthen the U.S. dollar? Will it mean sudden new confidence in the American economy?" he asked. "Nobody knows."

JAPAN: *Industry leaders fear anti-Japan backlash unless more aid goes to U.S.-led war effort*

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — After war began last week, Japanese business leaders warned their government of political fallout over Japan's aloofness, and thought about revising their 1991 projections.

Auto companies are drawing up budgets for the next fiscal year, which begins for most of them in April.

Most profess not to have drawn up any scenarios for changes in the exchange rate, the price of oil or a possible downturn in the world market. But after hostilities began last week, Toyota Motor Corp. and Mazda Motor Corp. immediately set up committees to monitor the crisis.

Many projections have been based on oil prices of about $30 a barrel and exchange rates at around 130 yen to the dollar. Those rates have held relatively steady despite the buildup toward war.

On the first day of conflict, Mitsubishi Motor Corp. issued the projections for 1991 that had been drawn up earlier, forecasting a 5 percent increase in sales.

Nissan Motor Co. projections due to executives next week were still based on a $30-a-barrel scenario even as hostilities began, and Mazda last Friday predicted sales growth of 4.5 percent, using an economic model of $25-a-barrel oil.

Both Mazda and Nissan said a long war would change their outlook. Nissan President Yutaka Kume said prolonged attacks on oil fields would cause a sharp rise in oil prices that "would have an impact on the entire world economy that is already showing signs of a slowdown."

One change many Japanese fear is a backlash in the Unites States over the Japanese public sense of non-involvement.

Japan, like other nations, has adopted an oil reserve policy that has helped maintain price stability. Not unduly pressed in the pocketbook, the public has tended to view the Gulf situation as an American problem and the country has largely sat out of the crisis. It was slow and fumbling in its initial response. While other nations sent armies and aircraft, Japan's government promised money, and then was late in delivering the funds.

Now the business community is concerned that the real fallout from even a short war could be an anti-Japanese backlash from an incensed American public.

A government official privately expressed concern that "Japan might be isolated" in the world community if it were seen to be standing idly by while others spilled blood, essentially to preserve world oil supplies.

Some business leaders last week called on the government to act quickly to carry out measures for assistance that have already been adopted. Rokuro Ishikawa, president of the Japan Chamber of Commerce and Industry, urged the government to make what he called "brave decisions" to offer some kind of contribution in manpower, possibly in the form of medical or refugee relief.

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Chrysler raises capacity goal for Eurostar minivan venture

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — Chrysler Corp. has doubled the early-phase capacity and production targets for its Eurostar minivan joint venture in Austria.

Tony Richards, Chrysler's chief of new venture development in Europe and the executive with overall responsibility for Eurostar, said the joint venture has doubled its former second-year capacity target to 50,000 Voyagers in order to accommodate a projected output of 36,000 units, up from a planned 25,000.

Eurostar, which still expects to build 19,000 minivans in 1992, its first full year of production, has targeted an annual output ceiling of 125,000 by 1996 or 1997.

The first Voyager II built with partner Steyr Fahrzeugtechnik GmbH in Graz, Austria, is scheduled to be produced Oct. 28. Voyager II's scheduled production rates are projected to be reached in March or April 1992.

A new 538,000-square-foot structure has been erected since the groundbreaking last March, although the original production start-up date has been pushed back.

Eurostar GmbH, the 50-50 joint-venture company formed last year, initially planned to begin building Voyagers in Graz by June.

The minivan should give Chrysler a jump on what many analysts and industry executives believe will be Europe's fastest-growing market segment during the 1990s.

Selling North American-built Voyagers, Chrysler already is No. 2 in Europe's growing minivan market, behind the Renault Espace.

Minivan sales in Europe totaled about 80,000 units last year. They are expected by 1995 to reach about 300,000 and to continue to grow in the second half of the decade as new entries come on the market.

Richards said the decision to increase capacity partly reflects increased optimism about Europe's minivan market.

"Our expectations are somewhat higher," he said.

But he said Eurostar's original four-stage plan for hiking production has been scrapped because the joint venture no longer plans to share a paint plant with Steyr.

"We're now obliged to build our own paint shop," Richards said. "That has caused us to want to go in a little bigger."

The Eurostar plant will have sufficient flexibility to add a second model, but Richards said there are no current plans to do so.

Eurostar will produce long- and short-wheelbase and front- and all-wheel-drive versions of the Voyager.

Steyr, an awd specialist, will supply the awd transmission and other drive components.

A 2.4-liter, four-cylinder turbodiesel engine that is considered essential for the European market will be supplied by VM Motori S.p.A. of Centro, Italy.

The new plant has been built alongside Steyr's existing facilities in Graz.

The Austrian company assembles the Mercedes-Benz Gelaendewagon, the Volkswagen Syncro Transporter van, the awd VW Golf Country and the long version of the Audi V8.

It also supplies awd components for Fiat, Lancia, Honda, the Opel Vectra/Vauxhall Cavalier and the Voyager.

Meanwhile, the European Commission is continuing its inquiry into the incentive package Eurostar received from federal, state and local governments in Austria.

Ford unhitches Taurus and Scorpio

U.S. and European cars won't share a platform, Gilmour says

By Daniel Ward
STAFF CORRESPONDENT

DETROIT — After several years of top-level internal debate, Ford Motor Co. has decided to develop the next-generation Taurus/Sable separately from the European Scorpio, said Allan Gilmour, president of the Ford Automotive Group, last week.

"Taurus will not be put together with Scorpio," he said in response to a question. "We had to bang some heads together, but we finally agreed that the two cars did not belong on the same platform."

The idea of coupling the Scorpio and Taurus/Sable programs had its roots in Ford's global Centers of Excellence approach to product development. The program aims to divide engineering responsibility among Ford units around the world and to reduce costs by using common platforms.

But according to Gilmour and other senior Ford executives, the company belatedly recognized that the two cars served radically different markets and that joint development could weaken both.

"The Scorpio had to have Autobahn performance and very tight turning circles and a huge rear seat" for European buyers, said Ford's design chief, Fritz C. Mayhew last week. "And the Taurus didn't need to go 180 mph all day, and it didn't need very tight turning circles. It needed to be a light and efficient car. There were different parameters between here and Europe in that car."

As recently as December, L. Lindsey Halstead, chairman of Ford of Europe, told *Automotive News* that no decision had been made in the long-running debate between Dearborn and Ford of Europe over who should develop the next-generation Scorpio.

A year ago, it appeared that the European management had won the argument and would develop its own car based on a stretched CDW27 chassis, the Tempo/Topaz/Sierra replacement that is being developed in Europe for introduction in 1993.

But Ford President Philip E. Benton said Dearborn was still in charge of the project, which was originally code-named DFC55.

According to Gilmour, the Scorpio replacement will be developed with another Ford "partner" and will remain rear-wheel drive.

Influencing that decision is the need to introduce a new Scorpio for Europe in about 1995. The Ford Falcon, built in Australia, is a possible candidate for joint development with the Scorpio.

Gilmour added that while Taurus and Scorpio will not be married for the next model, they are likely to come together as a single project for the successor.

Koreans flip-flop on luxury import policy

By Oles Gadacz
STAFF CORRESPONDENT

SEOUL, South Korea — The Korean government has vowed to undo a policy that has cut deeply into sales of imported luxury cars, especially Ford Motor Co.'s Sable, said U.S. officials here last week.

The expressed optimism that the Korean government "at the highest level" will end the campaign that threatened to damage U.S.-Korean trade relations.

"Korean officials showed a willingness to deal with the forces that are behind these issues," said Richard T. McCormack, undersecretary of state for economic and agricultural affairs.

The government campaign, launched last year, is aimed at reining-in inflation by curbing domestic consumption, especially "luxury" goods. But the campaign quickly took aim at imports.

Last year, it was widely reported in the government-controlled press that buyers of imported luxury cars would face rigorous audits of their tax returns. Although government officials have strenuously denied making any such threat, sales of some imports plummeted.

One of the biggest losers was Sable. Sales plunged from an annual rate of more than 3,200 in the first quarter to 164, or a rate of 656, in the final quarter.

At the same time, the frugality campaign had absolutely no effect on sales of the Hyundai Grandeur 3.0. Each retails for about 28 million won (about $39,100). Sales of the Grandeur 3.0 were steady in 1990 at 300 to 400 per month.

"Imagine using the IRS in the United States to investigate Mercedes-Benz buyers," McCormack said here last week. "We acknowledge Korea's right to promote public frugality, but firmly object to any targeting of imports."

Within hours of the end of the bilateral consultations, Lee Seung-Yun, Korea's deputy prime minister, announced that the austerity campaign was not anti-import.

"The only way Korea can re-establish the credibility it is losing is through sustained action to resolve outstanding issues and to demonstrate meaningful progress in market opening," McCormack said.

10-DAY SALES

DOMESTIC BUILT CARS

	Jan. 1-10, 1991	% change '91 vs. '90
Eagle	834	– 24.3
Chrysler	2,780	– 25.4
Dodge	6,255	– 29.5
Plymouth	4,031	– 38.5
CHRYSLER CORP.†	**13,900**	**– 31.7**
Ford	20,029	– 41.6
Lincoln	3,668	– 10.7
Mercury	5,061	– 51.7
FORD MOTOR	**28,758**	**– 41.2**
Buick	8,346	– 15.0
Cadillac	7,741	+ 31.9
Chevrolet	21,490	– 30.5
Oldsmobile	9,136	– 30.5
Pontiac	8,184	– 50.8
Saturn	285	-
GENERAL MTRS.	**55,182**	**– 27.8**
HONDA	**5,674**	**+ 2.6**
MAZDA	**827**	**+ 16.0**
MITSUBISHI	**939**	**– 30.1**
NISSAN	**1,770**	**+ 93.7**
SUBARU	**574**	**—**
TOYOTA	**2,663**	**– 35.4**
U.S. CAR TOTAL	**110,287**	**– 30.4**

TRUCKS

Chrysler	95	– 22.1
Dodge	7,605	– 47.4
Jeep	3,220	– 37.5
Plymouth	3,080	– 57.5
CHRYSLER CORP.†	**14,000**	**– 48.1**
FORD MOTOR	**23,059**	**– 29.8**
Chevrolet	23,748	– 24.1
GMC	5,570	– 35.4
Oldsmobile	462	+ 32.8
Pontiac	365	– 29.3
GENERAL MTRS.	**30,145**	**– 26.9**
ISUZU	**319**	**—**
MAZDA	**229**	**—**
NISSAN	**1,924**	**+ 195.8**
U.S. TRK. TOTAL	**89,676**	**– 31.4**
U.S. CAR-TRUCK TOTAL	**179,963**	**– 30.8**

†Estimated

IMPORTED CARS

Ford	757	– 59.3
Mercury	1,195	+ 144.4
FORD MOTOR	**1,952**	**– 16.9**
Chevrolet/Geo	1,867	– 52.6
Pontiac	581	+ 75.5
GENERAL MTRS.	**2,448**	**– 42.7**
Acura	2,514	+ 13.4
Honda	3,339	+ 20.7
HONDA	**5,853**	**+ 17.4**
Lexus	520	– 27.2
Toyota	5,583	+ 0.7
TOYOTA	**6,103**	**– 2.5**
Total Reported	**16,356**	**– 8.4**
ALFA ROMEO	**11**	**—**
ASTON MARTIN	**1**	**—**
BMW	**852**	**—**
Eagle	106	—
Chrysler	0	—
Dodge	195	—
Plymouth	217	—
CHRYSLER CORP.	**518**	**—**
DAIHATSU	**384**	**—**
FERRARI	**9**	**—**
HYUNDAI	**1,861**	**—**
ISUZU	**15**	**—**
JAGUAR	**311**	**—**
LAMBORGHINI	**3**	**—**
LOTUS	**5**	**—**
MASERATI	**4**	**—**
MAZDA	**3,371**	**—**
MERCEDES-BENZ	**860**	**—**
MITSUBISHI	**4,839**	**—**
Infiniti	214	—
Nissan	5,125	—
NISSAN	**5,535**	**—**
PEUGEOT	**50**	**—**
PORSCHE	**164**	**—**
ROLLS/BENTLEY	**28**	**—**
SAAB	**318**	**—**
STERLING	**65**	**—**
SUBARU	**844**	**—**
SUZUKI	**148**	**—**
Audi	182	—
Volkswagen	1,525	—
VOLKSWAGEN	**1,694**	**—**
VOLVO	**1,708**	**—**
YUGO	**178**	**—**
Total Estimated	**22,100**	**—**
IMPORTED CAR TOTAL	**38,456**	**—**

IMPORTED TRUCKS

GENERAL MTRS.	**0**	**– 100.0**
TOYOTA	**4,144**	**+ 22.2**
Total Reported	**4,144**	**+ 20.1**
CHRYSLER	**151**	**—**
DAIHATSU	**39**	**—**
ISUZU	**1,884**	**—**
MAZDA	**1,728**	**—**
MITSUBISHI	**795**	**—**
NISSAN	**2,284**	**—**
RANGE ROVER	**105**	**—**
SUZUKI	**184**	**—**
VOLKSWAGEN	**73**	**—**
Total Estimated	**7,092**	**—**
IMPORTED TRUCK TOTAL	**11,236**	**—**
IMPORT CAR-TRUCK TOTAL	**49,692**	**—**

TOTAL INDUSTRY CARS & TRKS.	**229,655**	**—**

There were 8 selling days in the period this year and last year.

Even before bombs fell, U.S. sales sank 30%

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

The new year started as a dud for new-car and light-truck sales, quite a turnaround from the first 10 days of 1990 when warm weather and hefty rebates brought consumers out in droves.

Sales of domestic cars were down 30.4 percent. Domestic truck sales were worse, off 31.4 percent. The total of 179,963 domestic cars and trucks sold was 30.8 percent below the year-ago figure. Each selling period had eight days.

With war raging in the Persian Gulf, National Automobile Dealers Association analyst Tom Webb doesn't expect a rebound soon.

"Given the international situation, it looks like dealers are in for several more months of meager sales," Webb said.

"We feel consumer psychology is as much a factor as the consumer's pocketbook, and we look for sales to improve if, and when, international tensions are reduced."

Jan. 1-10 marked the first period of Chrysler Corp.'s refusal to report 10-day sales results. *Automotive News* estimated that Chrysler's combined sales in the period were off 41.1 percent, the biggest decline among automakers producing vehicles in the United States.

Ford Motor Co. and General Motors reported hefty drops in car and truck sales for the early January period.

For the first time, American Honda Motor Co. Inc. joined Toyota Motor Sales U.S.A. Inc., General Motors and Ford Motor Co. in reporting 10-day sales of imported cars.

Chrysler and all other importers report sales monthly.

Honda, Toyota, GM and Ford reported actual imported-car sales of 16,356 units, off 8.43 percent from last year. *Automotive News* estimated that all other import-car sales totaled 38,456, down 2,292 units or 5.6 percent.

Imported-truck sales reported by GM and Toyota were up 20.12 percent; estimated imported truck sales for all other manufacturers fell 22.78 percent.

Sales were off for all three Ford brands, including Lincoln, which enjoyed increased sales throughout 1990. Lincoln's sales were down 10.7 percent, and Ford's overall car and truck sales plunged 36.6 percent.

Cadillac, up 31.9 percent, was the only GM division to report an increase in sales. Overall, GM's car and truck deliveries were down 27.2 percent.

Domestic car sales rose for four transplant makers rose, but they were off for Toyota and Mitsubishi Motor Sales of America Inc.

The domestic-vehicle sales score for transplants showed:

- Toyota declined 35.4 percent.
- Mitsubishi plunged 30.1 percent.
- Subaru of America Inc. sold 574 U.S.-built Legacys this year.

The company had reported only 12 such sales for the year-ago period.

- Honda improved 2.6 percent.
- Mazda Motor of America Inc. rose 48.1 percent.
- Nissan Motor Corp. in U.S.A. jumped 99.8 percent.

GM nips Ford, places 4th in new-car sales in Europe

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — General Motors appears to have edged Ford Motor Co. out of fourth place in European new-car sales for 1990, a year in which the overall market in Europe dipped for the first time since 1984.

According to industry sales estimates of 17 Western European markets compiled by *Automotive News*, new-car sales in 1990 slipped to 13,382,000, down a barely measurable 18,800 units, or 0.14 percent, from 1989's record total of 13,400,800.

Most analysts and industry executives expect a steeper drop in 1991. European sales declined from the year-earlier total for five consecutive months last year.

Germany's Volkswagen Group led European sales for the sixth straight year in 1990, capturing 15.6 percent of the market with its VW, Audi and SEAT brands.

But GM registered the biggest gain of any volume manufacturer in Europe, improving 5.3 percent, to 1,566,200 units, the estimates show. That would put GM ahead of Ford's sales of 1,555,900, which reflected a 1.9 percent decline from the previous year.

The GM figures exclude Saab Automobile AB, the 50-50 joint venture between GM and Sweden's Saab-Scania AB, but the Ford figures include Jaguar, which is 100 percent owned by Ford. The estimates yield an 11.7 percent market share for GM and 11.6 percent for Ford.

In 1989, excluding both Saab and Jaguar from the totals, Ford held fourth place and an 11.6 percent market share, versus 11.1 percent for GM.

"The jump GM has made is very significant," said Peter Schmidt of Automotive Industry Data Ltd. in London. "Ford had been well ahead of GM in Europe and, within 12 months, GM has surpassed Ford. It underscores the problems Ford had last year."

Ford of Europe has not conceded. According to Ford estimates, it edged GM by a tenth of a point in market share, 11.8 percent to 11.7 percent. That calculation excludes Saab, includes Jaguar and counts only 15 markets.

EUROPEAN SALES

Manufacturer	12 Months 1990	1990 share*	12 Months 1989	Volume change (%) '90 vs. '89
Volkswagen	2,085,600	15.6	2,014,600	+ 3.5
Fiat Auto**	1,846,900	13.8	1,9[illegible]	– 4.8
Peugeot S.A.***	1,719,300	12.8	1,[illegible]600	+ 1.4
General Motors†	1,566,200	11.7	1,487,400	+ 5.3
Ford****	1,555,900	11.6	1,586,600	– 1.9
Renault	1,305,200	9.8	1,388,400	– 6.0
Mercedes-Benz	434,800	3.2	427,600	+ 1.7
Nissan	389,200	2.9	396,700	– 1.9
Rover	385,100	2.9	412,500	– 6.6
BMW	363,200	2.7	378,200	– 4.0
Toyota	357,100	2.7	346,800	+ 3.0
Mazda	278,200	2.1	235,900	+17.9
Volvo	234,300	1.8	265,800	–11.8
Mitsubishi	178,500	1.3	165,000	+ 8.2
Honda	162,000	1.2	137,400	+17.9
Saab*****	56,900	—	66,900	–15.0
Others	463,600	3.0	454,600	+ 0.2
Total	13,382,000	100.0	13,400,800	– 0.1

*Does not add to 100 because of rounding
**Includes Alfa Romeo, Lancia
***Peugeot, Citroen, Talbot
****Includes Jaguar
*****50 percent owned by General Motors
† Not including Saab

A Ford spokesman said there may be other variations in the way the two companies tote up their sales. "We cannot strictly compare our figures because of differences in calculations," he said.

GM's biggest gains were registered in Germany, Europe's largest market, where it added more than 100,000 sales last year.

Volume at GM's Adam Opel AG subsidiary climbed 23.5 percent, to 562,800, and market share rose from 15.1 percent to 17.3 percent last year.

In contrast, Ford's first-place share in the United Kingdom, by far its largest European market, fell from 27.1 percent in 1989 to an estimated 25.8 percent last year. Sales plunged an estimated 17 percent, to 517,900.

Ford's best news was in Italy, where it was the main beneficiary of a sharp loss in market share by Fiat Group. Ford sales there jumped 58 percent, to 177,500, helped by a 147 percent surge in demand for its Fiesta supermini, to 128,400 units. Market share rose to 7.7 percent from 4.9.

Ford's off-year has been marked by a troubled launch for the Escort/Orion subcompact model in Europe's largest segment. Much press reaction to the car was negative. The car also has suffered from a slow production build-up.

Schmidt said he does not see a sudden turnabout for Ford in 1990.

Among Europe's six volume makers, VW, GM and third-place Peugeot Group increased sales for the year, while second-place Fiat, Ford and sixth-place Renault slipped.

In 1988 and 1989, Fiat mounted a serious challenge to Volkswagen's lead in European market share. But after running neck and neck in the early months of 1990, Fiat fell back to a 13.8 percent share on a sales decline of 4.8 percent, to 1,846,900 units.

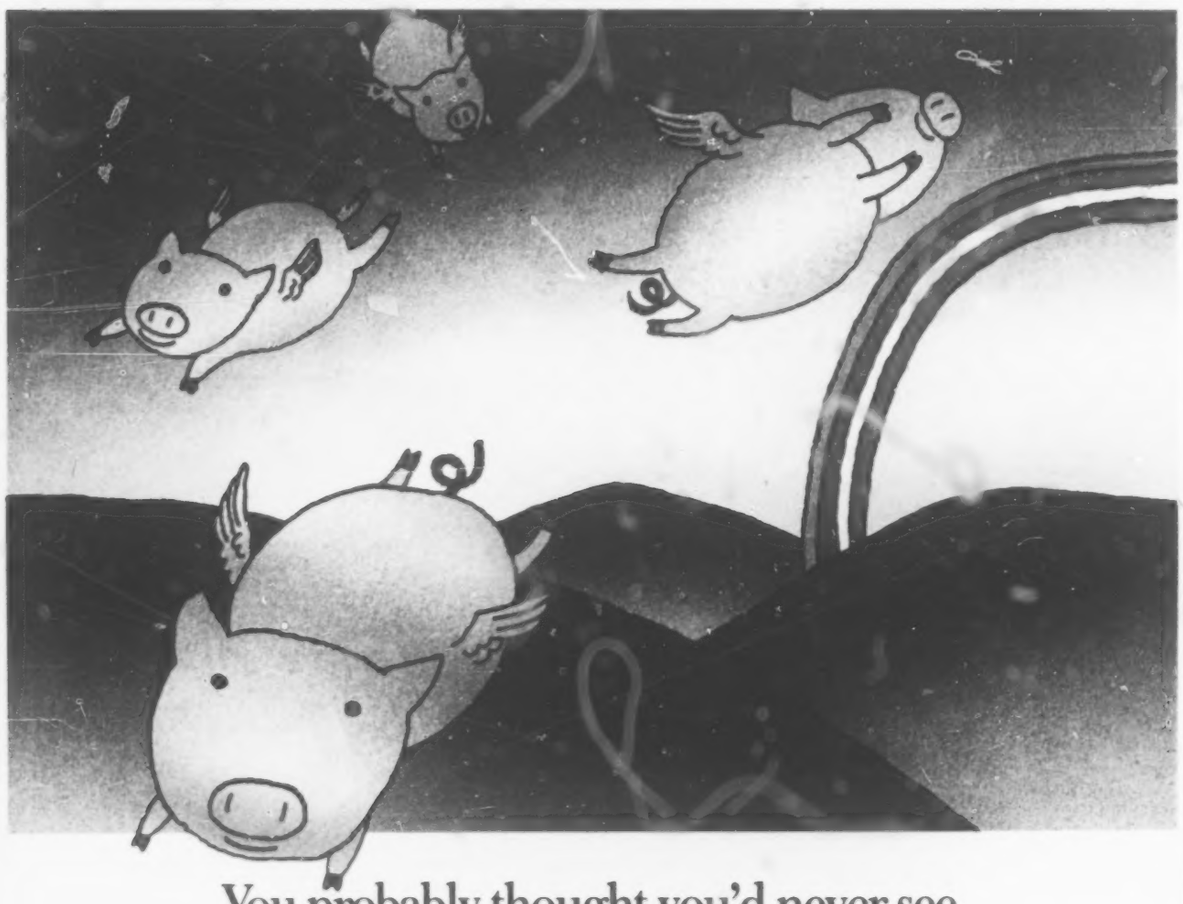
Fiat's share of its home market skidded 4 points, to 52.4 percent, on a 7.7 percent drop in volume, to 1,200,000 cars. The Fiat figures include sales of the Fiat, Alfa Romeo and Lancia makes.

Combined Japanese share across Europe rose from 11 percent in 1989 to 11.7 percent last year on a 6.5 percent increase in volume, to 1,563,400 units. Sales for both Honda and Mazda rose 18 percent.

Among the five major markets, only Germany and France grew last year, while Italy, the United Kingdom and Spain fell.

The German market, buoyed by strong demand in the former East Germany, eclipsed its old sales record, set in 1987. Sales totaled 3,248,600, up 14.7 percent over 1989.

For the full year, Britain and Spain were off 12.7 percent and 13 percent, according to estimates.



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GMC aims Syclone, other new models at niche markets

By Joseph Bohn
TRUCK EDITOR

DETROIT — John Rock, GMC Truck Division general manager, sees his market as "nothing but a group of niches" all the way through the light- and medium-duty segments, and GMC's newest niche offering is the $25,500 Sonoma-based Syclone, which goes on sale Feb. 1.

Rock, speaking at the North American International Auto Show, projected sales of about 3,000 to 3,500 of the high-performance Syclones during the 1991 model year. The trucks can reach 60 mph in less than five seconds.

The two-door, two-passenger Syclone features a full-time all-wheel-drive system for extra traction and the first four-wheel antilock braking system offered on a pickup.

Ray Rota, GMC general sales manager, said the division already had 2,600 orders on hand, so the Syclone could easily exceed its projected sales target.

GMC is capable of producing up to 1,200 Syclones a month. It plans a Syclone look alike that will have the styling, though not all the equipment, of the performance model for about $10,000 less.

Next fall, GMC will also come out with a similar specially outfitted version of the Jimmy, call the Typhoon, Rock said. It also will introduce all-new full-sized Jimmy and Suburban lines.

Concept versions of the 1992 Jimmy, dubbed Sagebrush, and the 1992 Suburban, dubbed Rio Grande, were displayed at the show. They closely resemble the 1992 trucks.

A concept version of the 1992 GMC Jimmy, dubbed Sagebrush, was displayed in Detroit.

The GMC Jimmy and companion Chevrolet Blazer will have a seven-inch-longer wheelbase than current models, while the Suburban will stay about the same size.

The Jimmy/Blazer and Suburbans will get significantly improved suspension systems to provide more of a passenger car ride and upgraded interior appointments.

GMC also plans to beef up merchandising support for its four-door S-Jimmy sport-utility in hopes of improving sales.

Traditionally, the division always sold its compact sport-utilities "with very little sales push," but current market conditions require extra marketing, Rock said.

GMC plans to sell about 360,000 trucks in calendar 1991, just marginally more than the 353,788 it retailed in 1990, Rota said.

GMC officials see an overall truck market of 4.6 million units in calendar 1991 compared with 4,853,336 in 1990.

About 4,380,000 of the projected 1991 sales are expected to be light-duty and about 220,000 are medium/heavy.

That compares with 4,575,951 light-duty and 277,385 medium/heavy sales in calendar 1990.

GMC now is focusing on export opportunities and recently changed some of its engineering operations to prepare vehicles for that effort.

It sees compact pickups as early candidates for export with South America, Latin America and Mexico as the most receptive countries to U.S.-style trucks.

GMC has dropped out of the school bus market because of growing distribution and sales complexities and inherent liabilities in selling such products.

That means it will have to focus more heavily on other truck niches to recover the roughly 12,000 sales yearly that school buses used to add to its medium-duty truck business, Rock concluded.

The Bronco will get a redesigned exterior and interior in 1992; most of Ford's light trucks will get some type of update.

POPULAR MECHANICS/JIM DUNNE

Four Ford light-truck lines slated for redesign for '92

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Ford Motor Co. will update nearly all its light trucks in the 1992 model year.

Ford's F series, Aerostar, Bronco and Econoline will get both interior and exterior redesigns. The 1992 Aerostar and E-150 and E-250 Econoline vans will have a standard driver-side air bag.

The redesign on the four truck lines will affect seven of 12 Ford assembly plants that will be down for changeover in the next year.

But Allan Gilmour, president of the Ford Automotive Group, said the changeovers will not be as technically complex as the Ford Escort changeover at the Wayne, Mich., plant which caused a major loss of production and cost the company nearly a point of car market share.

At the North American International Auto Show, Gilmour said that the 12 plant changeovers "represent a little threat (to our market share) but not a big one; we will lose some units but not a big number."

Ford's biggest gamble is losing any F-series production. The F series has been the top-selling vehicle — car or truck — in the United States for nine years in a row. Ford sold 522,034 F-series pickups in 1990 compared with 487,508 for the next best-selling vehicle, the Chevrolet C/K pickup.

In addition to a new exterior and interior design, Ford also will offer a new Flareside pickup in the F-series lineup in the 1992 model year, according to Ford President Philip E. Benton Jr.

Ford Division General Manager Thomas Wagner said Ford will try to get 30 percent of the truck market in the 1991 calendar year. Ford is projecting light- and heavy-truck sales for the industry will be about 4.7 million in 1991.

Ford captured 29.9 percent of the light-truck market in calendar 1990, compared with 29.3 percent in 1989. But Ford's light-truck sales declined to 1,373,493 units in 1990 from 1,401,994 in 1989.

Philip Novell, Ford Division general sales manager, said the largest declines were in the commercial-use segment. He said commercial-use orders dropped nearly 30 percent in the second half of 1990.

Whether Ford will link up with a partner in the heavy-truck business is an open question.

Benton said Ford and Italy's Fiat have talked about a joint venture in heavy trucks, but found that the deal did not make sense for either company. He previously said the Ford/Fiat discussions centered around truck components, rather than a buyout of either company's truck operations.

Gilmour said Ford intends to keep its heavy-truck business, despite rumors it is for sale. In the past 13 months, Ford sold its aerospace, steel and tractor operations.

DECEMBER TRUCK SALES BY MANUFACTURER AND SEGMENT

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1990	TOTAL 1989
FORD	MO	89,710	1,534		615	1,837	1,140	94,836	102,147
	YR	1,347,436	26,057		6,444	26,465	13,103	1,419,505	1,458,046
FREIGHTLINER	MO						1,600	1,600	1,893
	YR						23,032	23,032	23,381
CHEVROLET	MO	80,016	63	14	824	459		81,376	89,972
	YR	1,242,902	103	247	8,944	7,278		1,259,474	1,325,767
GMC	MO	24,684	22	30	741	1,120		26,597	27,267
	YR	326,345	25	1,992	5,817	14,526		348,705	376,397
KENWORTH	MO					15	1,286	1,301	1,262
	YR					389	14,620	15,009	18,194
MACK	MO				36	47	901	984	1,498
	YR				1,051	1,404	14,350	16,805	23,271
MERCEDES-BENZ	MO				44	89		133	160
	YR				535	1,105		1,640	2,037
NAVISTAR	MO		6	10	472	2,063	2,719	5,270	5,414
	YR		58	115	11,943	30,422	27,800	70,338	78,185
PETERBILT	MO					19	921	940	1,441
	YR					359	11,970	12,329	17,103
VOLVO/GM HEAVY	MO					112	1,736	1,848	2,198
	YR					829	14,767	15,596	18,352
HINO	MO	22		36	58	97		213	154
	YR	309		516	660	943		2,428	2,141
NISSAN DIESEL	MO	43		46	43	29		161	211
	YR	661		921	534	493		2,609	2,390
ISUZU TRUCK	MO	647	85	20	65	24		841	1,297
	YR	6,624	685	375	1,824	572		10,080	8,361
MITSUBISHI FUSO	MO	169		52	21	61		303	266
	YR	1,852		649	263	559		3,323	3,308
SCANIA	MO						5	5	7
	YR						103	103	116
IVECO TRUCKS	MO	115	40	14	17			186	214
	YR	1,613	525	240	160			2,538	2,357
WESTERN STAR	MO						64	64	86
	YR						935	935	14,119
OTHER TRUCKS	MO	120,442					33	120,475	127,396
	YR	1,648,209			34		644	1,648,887	1,602,809
GRAND TOTAL, 1990	MO	315,848	1,750	222	2,936	5,972	10,405	337,133	362,883
	YR	4,575,951	27,453	5,055	38,209	85,344	121,324	4,853,336	4,976,334
1989 YR to DATE		4,564,418	27,031	7,243	39,128	93,446	145,068		

NOTE: Class 1-3 total includes light trucks sold by all makes other than those listed. Class 4-8 reported by Motor Vehicle Manufacturers Association.

SERVICE MANAGEMENT

Nov. index up from '89, but not Oct.

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

November service and parts volume in new-car dealerships dipped from the October pace, but still showed a gain over the year-ago month, according to the Automotive News Service Index.

November's service-parts business amounted to 101.7 percent of the volume dealers recorded in November 1989. In October, the volume was up 9.8 percent over the same month of 1989.

November was the fifth consecutive month to show an increase over the year-earlier service and parts business.

The lead gainer in November was total labor sales (customer-paid and warranty), which showed an increase of 6.5 percent over the year-ago volume. Sales of shop parts were up 4.1 percent.

The only other indicator in the Service Index to register a gain over the year-earlier figure was gross profit on all labor parts and accessories — the most important indicator from the dealers' viewpoint. Gross profit was up 2.9 percent, the fifth consecutive month that it has risen.

Two indicators, sales of all parts and accessories and repair orders written, were down 1.3 percent and 0.1 percent from the year-earlier volume.

Figures used in the Service Index are averages compiled from reports on shop operation from a cross-section of the nation's new-car dealerships.

Service and parts business for dealers from January to November 1990 was 6.6 percent above that of the year-ago period.

SERVICE INDEX
101.7★

	Nov. '90 vs. Nov. '89	Jan.-Nov. '90 vs. Jan.-Nov. '89
Gross Profit on All Labor and P&A Sales	+ 2.9%	+ 6.1%
Repair Orders Written	– 0.1%	– 0.1%
Total Labor Sales (Customer & Warranty)	+ 6.5%	+ 8.4%
Shop Parts Sales (Customer & Warranty)	+ 4.1%	+ 7.3%
Sales of All P&A	– 1.3%	+ 5.3%

★ Survey by Automotive News shows that dealers' service and parts business in November 1990 was 101.7 percent of business in November 1989. Service business in the first 11 months of 1990 was 106.6 percent of business in the corresponding period in 1989.

Chrysler unveils revisions of extended service contracts

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Chrysler Corp. has introduced a revised extended service contract program with a comprehensive list of plans that allow car buyers to tailor coverage to meet their needs.

The program has a menu of eight plans from which the car buyer can choose to obtain coverage more compatible with intended length of ownership, budget and monthly payments.

The new service contracts go beyond what has been traditionally offered, said James C. Lowry, manager of service contracts for Chrysler's Service and Parts Operations. The plans are designed to stand alone or complement one another. Prices range from $50 to $1,420.

According to Lowry, Chrysler's top service contract, the Ultimate Customer Care plan, is a combination of three plans — the bumper-to-bumper Maximum Customer Care, Maintenance Care and Motoring Assistance — and includes such features as $500 trip interruption protection, $100 "sign and go" road service, $100 towing allowance and more.

Other plans are:

- **Maximum Customer Care**, which carries a $50 deductible per visit and covers more than 700 components in the suspension, brakes, electrical, frame, bumper mechanisms, fuel system, heating and cooling, steering and body interior. It offers road assistance, towing and rental allowance.
- **Maintenance Care**, covering maintenance service at mileage intervals outlined in the owner's manual.
- **Motoring Assistance**, which provides a package of travel and emergency services.
- **Added Customer Care**, covering more than 200 components including steering, front suspension, brake, electrical and air conditioning systems. It provides reduced powertrain warranty deductible, towing and car rental.
- **Protection Plus**, which extends the basic 12-month/12,000-mile warranty up to 18 months/18,000 miles for buyers of dealer demonstrator, factory official, driver education and dealer rental vehicles.
- **Alternate Transportation**, providing a car rental allowance if a covered vehicle is in for overnight repairs because of a breakdown of a component covered by Chrysler's basic, Crystal Key or powertrain warranties.
- **Custom Coverage**, a transferable plan that provides extended powertrain and major assembly component coverage for Chrysler and competitive engine, transmission, front suspension, rear axle housing, steering, brakes, electrical and air conditioning components beyond the vehicle's factory warranty period.

Exec predicts aftermarket growth in high-performance end in '90s

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

CHICAGO — The automotive aftermarket will continue to grow during the next 10 years, according to John King, parts and service engineering manager for Ford Motor Co.'s Parts and Service Division.

King

Speaking at a symposium at the Automotive Parts and Accessories Association's convention here, King said the high-performance phase of the aftermarket will continue to expand during the next decade.

"Electronic controlled engines are proving as receptive to improving with electronic software and other changes, as carbureted engines with improved manifolding," he told the symposium.

King said the need for accessories is likely to expand as the option content of vehicles is reduced to simplify the production process and improve quality.

"However, owner desires for differentiation will demand greater variety," King said. "Some imported and domestic models feature minimum option content to simplify assembly; personalization, through accessory installation, occurs at the service centers."

King also noted that expanded use of modules in vehicle production may lead to business opportunities for "repair facilities that can provide quick diagnosis and replacement of remanufactured replacements and help customers maintain a reasonable cost of ownership."

With regard to basic maintenance items on today's cars and trucks, King said, "No major revolutions are expected in spark plugs, filters, belts or hoses, although electric drives, air conditioning and power steering could simplify or eliminate belt use. Oil and filter change intervals are probably optimal now and are unlikely to change in the next 10 years."

Privacy glass from PPG

Amy Roginski of PPG Industries shows new glass that offers privacy while reducing sun rays entering vehicles. The glass, Solarban 20/20, will be used in Chrysler Corp.'s minivans in 1992.

Florida dealer scores downtown

By Patricia A. Kelsey
SPECIAL CORRESPONDENT

ST. PETERSBURG, Fla. — As auto dealership traffic continues to migrate north from downtown streets, Scott Buick has opted to "[illegible]owntown."

Four months ago, it opened a satellite sales and service branch in the heart of St. Petersburg for three reasons: To serve its shop customers better, to add new service customers and to attract new- and used-car buyers.

So far, it's working, say Al Leo, vice president and general manager.

Long-time customers are pleased that they no longer have to buck heavy traffic to get service at Scott Buick's main store in Pinellas Park, Fla., Leo said.

He said other Buick owners also are coming in for service. There's a solid base of people in that locale representing Buick's traditional retiree-base demographics plus the younger set, he said.

There are four service bays, manned by two technicians, in the 5,000-square-foot building that was a bowling alley before Scott Buick's owner, the Polett/Lustgarten Dealer Group, invested $1 million to renovate it.

To staff the satellite, the dealership drew on its experienced sales and service people.

"We staffed it entirely from our current employee base and replaced those people at the main store," Leo said.

The dealership is nearing its goal of 60 to 70 sales per month — 30 to 35 new cars and 30 used.

The satellite has already had a 51-unit month, Leo said.

What's equally important is that the new business has not hurt it's other store, Leo said.

SERVICE BRIEFS

ATF funds ASE program

HERNDON, Va. — The American Trucking Federation has donated $30,000 to the National Institute for Automotive Service Excellence to fund a heavy-duty truck certification program.

The funds, donated in memory of Zenon C.R. Hansen, retired chairman of Mack Trucks Inc. and federation president, will be used to begin the development and implementation of a certification program for high schools, vocational schools and community colleges and for private school truck-repair training programs. The program will be administered by the National Automotive Technicians Education foundation, the institute's educational subsidiary.

Ford graduates 15

DETROIT — Fifteen Detroit-area students have received degrees in Ford Motor Co.'s Automotive Student Service Educational Training program.

During the two-year program, students alternate between the classroom and dealerships every nine weeks, learning the latest developments in engines, ignition and fuel systems, turbocharging and diesel and computer controls. They also take courses ranging from mathematics and physics to computer studies and critical thinking.

Since 1985, Ford has expanded the program to junior colleges in 38 cities across the country. Ford hopes to have approximately 50 programs in 1991, said Lee Miskowski, general manager of Ford Parts and Service Division.

GM, Bakony sign pact

FLINT, Mich. — General Motors' AC Rochester Division has signed a supply agreement with Bakony Works for Metal and Electrical Equipment in Veszprem, Hungary, as a prelude to a possible venture.

Under the agreement, Bakony, an AC Rochester supplier for two years, will manufacture spark plugs for the division's European customers, according to Daniel L. Welton, plant manager for AC Rochester-France in Gennevilliers, France.

AC Rochester currently makes spark plugs in the Gennevilliers plant, but intends to use some capacity there for other products. A joint venture between the two companies for spark plug production may be formed as early as June, according to Welton.

Dealership has top techs

MEYER, Iowa — Meyer Garage (Saab) is batting 1.000 in employing technicians, according to Michael Parahus, car training manager for Saab Cars USA Inc.

He said Meyer Garage is the first of 351 U.S. dealerships to employ only Saab master technicians.

Parahus said that to earn the title of master, technicians must advance through three levels: associate, certified and qualified technician; have five years' experience at a Saab dealership, pass required technical courses and earn full certification by the National Institute for Automotive Service Excellence in eight categories.

Rebates, leases and college spiffs

Makers continue to prime the pump for dealers and customers

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

Incentive programs ranging from dealer cashbacks to special lease deals and allowances for college graduates have been announced by American Honda Motor Co. Inc., Chrysler Corp. and Oldsmobile, Chevrolet and GMC Truck divisions.

In one of its infrequent incentive excursions, American Honda is paying dealers $300 for sales of 1990 and 1991 Accords. The $300 payment on the 1991 models was announced early this month; it excludes the Special Edition and station wagon.

American Honda also is paying dealers a rebate of $300 on sales of 1990 and 1991 Acura Integras. The Accord program ends March 31, while the Integra rebate runs through April 2.

Chrysler Corp. said it is increasing the new-vehicle purchase or lease incentive to $500 from $400 in its College Graduate Allowance program, which has been renewed for the 1991 calendar year.

Chrysler said the rebate applies to new 1990, 1991 and 1992 Chrysler, Plymouth, Dodge, Jeep and Eagle domestic or imported vehicles and can be added to any other national consumer incentive in effect on delivery through participating dealers.

Oldsmobile is offering General Motors Acceptance Corp. Smartlease incentives on 1990 and 1991 Cutlass Supreme and 88 models that are leased for terms up to 48 months.

Payments are as low as $229 per month (no money down) for 48 months on the Supreme and $259 for 48 months on 88 models. The program expires March 31.

Through April 7, Chevrolet has a similar lease plan for all 1991 Caprice models, including the new Classic LTZ. Customers can lease a fully equipped car for $275 for 48 months or $292 for 36 months. That compares with $377 and $419 on a standard Smartlease.

GMC Truck announced a consumer incentive program that offers cash or special finance rates in lieu of cash on 1990 and 1991 trucks. It runs through April 7.

The GMC rebates are $1,500 on the 1990 G-Van; $1,000 on the 1990 S15 pickup, S15 Jimmy, V Jimmy and Suburban; and 1991 Sonoma, V Jimmy and S15 Jimmy two- and four-door models.

Also, $750 on 1990 and 1991 RV pickup and cab chassis and $500 on 1990 and 1991 G-Van, 1990 and 1991 Safari and Safari XT, 1990 and 1991 Sierra pickup cab chassis and 1991 Suburban.

Instead of cash, buyers may choose finance rates of 8.9 percent for 48 months or 10.9 percent for 60 months.

DIARY

FROM PAGE 2

the lot and get out of their tiny, 1970s-vintage Honda Civic. They begin talking to a salesman.

In less than five minutes they're through.

Goodall and his family say they came to Kott looking to take advantage of an first-time buyer program advertised in the paper. They are disappointed, and a bit angry, to learn that Goodall's 32-hour-a-week job as a clerk at a huge local grocery chain doesn't qualify as the "full-time employment" necessary for the promotion.

The Goodalls leave. That leaves the lot empty again of prospects.

11:35 a.m. Salesman Henry Daood spies an "up." It's 55-year-old Ermon Johnson. Johnson needs a car to get to a sick family member in Texas. He says he's worried about the war with Iraq, but personal circumstances have priority over international ones.

Johnson says he likes a dated Dodge Colt and Mercury Tempo, but "they don't like me. They cost too much."

12:00 noon Down at the Chrysler-Plymouth store, a few families are milling around in the showroom.

General sales manager Fred Guzowski sits behind a cluttered desk in the front. He has a television tuned to a local news show.

Guzowski says he's surprised that anyone is in the store. Guzowski opines that the war may help Chrysler and other domestics.

"This is really bringing out the Americana, the flag-wavers," he says. "The import dealers may see a backlash because Japan hasn't helped much in the Gulf."

12:45 p.m. A salesman shows some 1991 Escorts to two young women. They too are interested in the first-time buyer program. Florence Miller, 20, says she thinks the subcompacts look good but would look even better if she was driving off in one. She too is having trouble meeting the promotion's requirements.

Miller is disappointed but says her attention is really focused on the Gulf. Her brother is a Marine stationed in Saudi Arabia. "Sure I want a car," she says. "But if I could have anything I'd have him home," she says.

Miller and her friend leave.

12:55 p.m. A Japanese couple get out of their Cadillac. They're there to finish up paperwork on a Ford Club Wagon van for their business, running tours for Japanese tourists in Southern California.

VINCENT DE LEON

Florence Miller checks out an Escort at Don Kott Ford last Thursday. Miller was one of few customers who visited the dealership the day after war broke out in the Gulf.

1:35 p.m. "Right. Green. That's mine," says salesman Kevin Burckhardt, as an "up" parks his green car on the right side of the lot. Burckhardt meets the prospect by his car. Later he "turns" the gentleman over to another salesman who he thinks may have a better chance of closing the deal. If a deal is made, Burckhardt would be credited with half a sale.

"Right, green" does not buy.

2:10 p.m. Jeff Pool, a fleet and leasing account manager at the Lincoln-Mercury store, sits at his desk. Half his attention is on his work, the other half on the little radio on his desk.

Pool says the phones "have been quieter than usual."

"I did have someone tell me that they 'just didn't feel right about buying today' because of the war," Pool says. "Luckily that guy's only looking at one Explorer, and I think he'll be back."

2:40 p.m. Trinidad Torralba, 68, writes a check and signs a deal. He has just bought a 1987 Taurus to replace a car he sold to a scrap yard. "I can't worry about the war. I need the car," he says.

2:50 p.m. The TV in the service waiting room continues to attract more attention than the new and used cars outside. Five people watch for war updates.

3:30 p.m. Walterine Crisp, 52, can only think, and talk, about her new 1990 LTD Crown Victoria. This is the second car she's bought from Kott, and she says the "Lord led me to this dealership." She says she is praying for the soldiers in the Gulf, but she thought it was time to buy before "things get any more unpredictable."

4:10 p.m. Jeff and Lisa Hancock, a couple in their 30s, test-drive a Ford Aerostar minivan. They are concerned about the war, but feel that buying a new car is a separate issue.

"We've got one baby and another one on the way, and we just have to buy a more practical car," Lisa says.

4:40 p.m. Salesmen, always optimists, think business will pick up as people get off work. Then the news breaks that Iraq has attacked Israel. Suddenly all attention reverts back to war.

A dozen people, from sales staff to porters and mechanics, join a few customers back in what has become the TV room.

6 p.m. The showroom and lot are dead. All but two salespeople, now the night shift, are inside listening for radio and television reports.

6:10 p.m. What looks like an "up" turns out to be a pizza delivery man in an unmarked car. Six pizzas are taken to the backroom staff.

6:30-10 p.m. Traffic all but winds to a halt. Three "ups" come onto the lot. One pokes around and leaves. Two agree to take test drives. One of those buys a Ford Ranger pickup.

10 p.m. Francisco Palau, the sales manager on duty, closes the doors and the books. On this first full day of war, Don Kott Ford retailed four new and used cars from the floor, compared to seven on an average weekday.

Palau calls it "slow, but not terrible."

INCENTIVE WATCH
CUSTOMER INCENTIVES

	Rebates	Expiration Date
Chrysler Corp. (1989-90)		
Chrysler	$500-2,000	3/31
Dodge cars	$700-1,500	3/31
Dodge trucks	$500-2,500	3/31
Eagle	$700-1,500	3/31
Jeep	$500-2,000	3/31
Plymouth	$700-1,000	3/31
All minivans	$1,000	3/31
Finance rates in lieu of rebate start at 6.7 percent.		
Chrysler Corp. (1991)		
Chrysler	$500	3/31
Dodge cars	[illegible]	3/31
Dodge truck	$300-1,500	3/31
Eagle	$400-500	3/31
Jeep	$700	3/31
Plymouth	$400-500	3/31
All minivans	$500	3/31
Finance rates in lieu of rebate start at 6.7 percent.		
Ford Motor Co. (1990)		
Ford Festiva	$700	2/28
Ranger	$1,500	2/28
All Lincoln	$1,500	1/31
Ford Motor Co. (1991)		
Ford Escort, Festiva	$500	2/28
Ranger	$1,000	2/28
Mercury Tracer	$500	2/28
Grand Marquis	$1,000	2/28
Finance rate, in lieu of rebate, starts at 7.9 percent for 48 months or less.		
General Motors (1990)		
Buick Reatta*	$2,000	4/7
Other Buick*	$250-1,000	4/7
Cadillac	$1,200	4/7
Chevrolet Geo	$300-800	4/7
Other cars	$400-750	4/7
Trucks	$500-1,500	4/7
GMC	$500-1,500	4/7
Oldsmobile	$750-1,250	4/7
Pontiac Bonneville	$400-1,000	4/7
*Based on option package selected All makes except Cadillac offer cut-rate financing in lieu of rebates.		
General Motors (1991)		
Buick Reatta	$2,000*	4/7
Other Buick	$250-1,000*	4/7
Cadillac Brougham	$1,500	3/31
Chevrolet Geo	$300-800	4/7
Other cars	$400-750	4/7
Trucks	$500-1,000	4/7
GMC	$500-1,000	4/7
Oldsmobile	$500-1,000	4/7
Pontiac	$400-750	4/7
*Based on option package selected		
Hyundai (1991)	$500-1,575	4/3
Jaguar (1990-91) (all except '91 XJ6)	$5,000 for owners of '88 Jaguars	1/31
Mazda (1990)		
Cars	$750-1,500	2/28
Trucks	$1,000-1,250 plus free trim package	2/28
MPV	$886-1,246 discount on option packages	2/28
Subaru		
XT (1989-91)	$2,000	5/2
Justy (1990-91)	$500	2/12
Loyale (1991)	$300-$1,950	2/12
Toyota (1991)		
Celica GT, 4Runner	$800 discount on option packages	10/1

INCENTIVE WATCH
DEALER INCENTIVES

	Rebate	Expiration Date
Chrysler Corp. (1990-91)		
Jeep Cherokee	$250	1/31
Grand Wagoneer	$2,000	1/31
Minivans (1991) (without air bags)	$500	1/31
Cars	$250-1,000, quota	1/31
Ramcharger, Ram D-W pickups	$1,000	1/31
Ford Motor Co. (1990)		
Ford Taurus SHO	$3,000	2/28
Other cars	$800-1,500	2/28
Ford Bronco	$2,000	2/28
Other trucks	$900-1,100	2/28
Mercury Topaz	$800	2/28
Sable	$1,100	2/28
Cougar	$1,200	2/28
Grand Marquis	$1,500	2/28
All Lincoln	$2,000	1/31
Ford Motor Co. (1991)		
Ford Taurus SHO	$1,000	2/28
Crown Victoria	$750	2/28
Other cars	$100-700, based on sales	2/28
Ford trucks	$100-700, based on sales	2/28
Mercury Topaz, Cougar, Sable	$100-700, based on sales	2/28
General Motors (1990-91)		
Corvette	$3,000	2/4
Chevrolet C1500	$500	4/7
Acura (1990-91)		
Integra	$300	4/2
Audi (1990)		
100 Series	$3,000	1/31
Honda (1990-91)		
Accord	$300	3/31
Hyundai (1990)		
Excel	$1,000-1,500	4/3
Sonata	$2,000	4/3
Hyundai (1991)		
Sonata	$100-500, based on sales	4/3
Isuzu		
Impulse (1990)	$1,500	2/15
Trooper (90-91)	$1,300-1,700, quota	3/31
Pickup (1991)	$600-1,500, quota	3/31
Mitsubishi (1990-91)		
Cars	0-$2,000, quota	2/28
Trucks	0-$1,500, quota	2/28
Nissan (1990)		
Pathfinder	$1,500	4/2
Nissan (1990-91)		
Stanza	0-$1,500, quota	4/2
Pickups	$1,200	4/2
Peugeot (1989)		
405	$2,500-3,500	None
Suzuki (1990)		
Swift	$400-700	2/4
Sidekick	$1,000-1,500	2/4
Suzuki (1991)		
Swift	$400-500	2/4
Sidekick	$500	2/4
Toyota (1989-91)		
Corolla	$300-700, quota	2/4
Camry	$500-900, quota	2/4
Pickup	$200-900, quota	2/4
Volkswagen (1990)		
Cars	$500-1,500	None

Ford Mexico to make new Zeta engine

By Stephen Downer
STAFF CORRESPONDENT

MEXICO CITY — Ford Motor Co. S.A. de C.V. will spend $700 million to expand its Chihuahua, Mexico, engine plant for production of a new four-cylinder engine for the North American market.

The plant will build Ford's Zeta engine, said plant manager Lyle Raymond. Ford made the announcement at Los Pinos, the official residence of Mexican President Salinas de Gortari.

The Mexican Zeta will be a 2.0-liter version. In Europe, Ford builds the Zeta in 1.4-liter and 2.0-liter configurations in Bridgend, Wales.

Ford said that the Chihuahua plant will shut down this summer and reopen in about two years. The plant will have the capacity to build 500,000 engines annually in two shifts and will employ more than 1,100 people.

Chihuahua currently produces about 200,000 2.3-liter four-cylinders engines a year. Most are used for Ford Tempo/Mercury Topaz models sold in the United States.

The Mexican-built Zeta engine will go into the next-generation Tempo/Topaz, code-named CDW27, scheduled for launch in the 1995 model year. It could also appear later in the decade in a Ford specialty sports coupe built at Mazda's Flat Rock, Mich., plant, according to Ford Engine Division product planning documents.

According to Raymond, production at the new plant will represent 20 percent of Ford's four-cylinder engine production in North America and between five and 10 percent of all the engines produced by the company in North America.

The Chihuahua plant opened in 1981.

Range Rover gains weight, escapes tax

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — The Range Rover sport-utility has put on some weight and apparently squeezed through a crack in the new luxury tax.

The Internal Revenue Service has labeled the Range Rover a "multipurpose vehicle." As a result, it won't be subject to the tax, said Range Rover of North America Inc. spokesman William E. Baker.

The tax would have cost customers about $1,300 on a $42,975 Range Rover — or 10 percent on the amount of the transaction above $30,000.

Range Rover dealers have been warning customers that they might be liable for the tax, said Range Rover's No. 1 dealer, Michael Lazarus of Range Rover Land in Glen Head, N.Y. Lazarus said last week he'll continue to warn customers until there's no doubt Range Rover is exempt.

A 60-day public "comment period" began when the IRS luxury tax rules were published in late December. The IRS will entertain comments or objections as to how the tax is applied, Baker said. Range Rover's exemption will stand unless someone raises a successful objection, he said.

Ironically, Range Rover escaped a 25 percent tariff on imported trucks two years ago because the Treasury Department classified the Range Rover as a "passenger car," along with other four-door sport-utilities.

The luxury tax apparently would have applied to Range Rover if the Internal Revenue Service had decided to put the vehicle in the same category.

Even with the truck-versus-car ruling, Range Rover only managed to escape the luxury tax because it "gained" 22 pounds.

The tax applies to trucks with a gross vehicle weight less than 6,000 pounds. Gross vehicle weight refers to the weight of the vehicle plus passengers and the maximum cargo it's designed to carry.

Range Rover had listed its gvw as 5,997 pounds, only three pounds under the limit that would have made it tax-exempt. At the request of the U.S. subsidiary, Rover Group in Britain "recalculated" its gvw, which turned out to be 6,019 pounds, Baker said.

He said the gvw hadn't been updated since 1987, despite some changes to the vehicle that pushed it over the 6,000-pound threshold.

PRODUCTION

U.S. CAR

	Week Ended Jan. 19, 1991	Week Ended Jan. 12, 1991	Jan. to Date	Jan. 1 to Jan. 19, 1991	Jan. 1 to Jan. 20, 1990
Horizon	0	0	0	0	1,797
Sundance	0	0	0	0	3,446
Acclaim	2,500	2,721	6,111	6,333	1,600
Total Plymouth	**2,500**	**2,721**	**6,111**	**6,333**	**6,843**
LeBaron A	0	0	0	0	0
LeBaron J	0	0	0	0	0
N. Yorker C-Class	300	364	832	874	400
Fifth Avenue	900	957	2,280	2,386	500
Imperial	300	195	855	695	400
Total Chrysler	**1,500**	**1,516**	**3,767**	**3,955**	**1,300**
Omni	0	0	0	0	1,927
Daytona	0	0	0	0	0
Shadow	0	0	0	0	3,950
Dynasty	3,300	3,464	8,392	8,799	2,200
Spirit	2,300	2,161	5,926	6,295	2,200
Total Dodge	**5,600**	**5,625**	**14,320**	**15,094**	**10,277**
CHRYSLER CORP.	**9,600**	**9,662**	**24,198**	**25,382**	**18,429**
Escort	5,900	0	8,178	8,747	5,099
Mustang	0	0	1,752	2,190	2,973
Tempo	3,222	0	4,812	5,209	2,851
Taurus	3,795	4,316	12,085	13,078	14,993
Thunderbird	0	0	1,075	1,344	3,095
Total Ford Div.	**12,917**	**4,316**	**27,901**	**30,568**	**28,811**
Topaz	1,178	0	1,700	1,831	869
Cougar	0	0	1,625	2,031	1,350
Sable	1,445	947	3,449	3,713	2,635
Total Mercury	**2,623**	**947**	**6,774**	**7,575**	**5,854**
Continental	1,236	1,255	3,006	3,135	2,394
Mark VII	223	210	527	550	1,178
Town Car	2,917	2,945	7,079	7,383	7,160
Total Lincoln	**4,376**	**4,410**	**10,612**	**11,068**	**10,732**
Total L-M Div.	**6,999**	**5,357**	**17,386**	**18,643**	**15,786**
FORD MOTOR CO.	**19,916**	**9,673**	**45,287**	**49,211**	**44,597**
Skylark/Somerset	2,500	2,388	6,166	6,486	1,380
Century	1,600	0	1,600	1,600	1,500
Riviera	307	0	307	307	407
Electra/Park Ave.	1,497	1,474	4,234	4,550	3,804
LeSabre (fwd)	3,994	3,994	9,889	10,354	3,112
LeSabre (rwd)	0	0	0	0	339
Reatta	0	0	0	0	348
Total Buick	**9,898**	**7,856**	**22,196**	**23,307**	**10,890**
Eldorado	376	0	376	376	448
Seville	755	0	755	755	504
Brougham (rwd)	533	496	1,491	1,606	744
DeVille (fwd)	3,200	2,995	7,657	8,023	2,876
Allante	64	64	159	167	195
Total Cadillac	**4,928**	**3,555**	**10,438**	**10,927**	**4,767**
Cavalier	5,456	6,305	14,378	15,010	3,801
Camaro	2,315	0	2,315	2,315	0
Corsica/Beretta	6,160	3,978	10,138	10,138	4,780
Caprice	3,010	2,865	6,568	6,741	4,886
Corvette	485	469	1,184	1,242	0
Total Chevrolet	**17,425**	**13,757**	**34,583**	**35,446**	**13,467**
Calais	1,820	1,765	4,395	4,597	1,500
Cutlass Ciera	1,750	0	1,750	1,750	1,998
Cutlass Supreme	2,050	2,185	5,233	5,483	0
Toronado	158	0	158	158	433
88 (fwd)	1,658	1,663	4,295	4,538	3,520
88 (rwd)	0	0	0	0	96
98	2,000	1,768	4,594	4,800	1,024
Total Oldsmobile	**9,436**	**7,381**	**20,424**	**21,326**	**8,241**
Sunbird	2,335	2,765	6,186	6,458	650
Grand Am	4,800	0	4,800	4,800	0
Firebird	525	0	525	525	0
Grand Prix	3,173	0	3,173	3,173	0
Pontiac 6000	1,120	0	1,120	1,120	1,192
Bonneville	586	590	1,911	2,095	2,596
Total Pontiac	**12,539**	**3,355**	**17,716**	**18,171**	**4,438**
Total Saturn*	**629**	**540**	**1,576**	**1,689**	**0**
GENERAL MOTORS	**54,845**	**36,394**	**106,934**	**116,057**	**41,883**
DIAMOND-STAR	**3,529**	**3,410**	**8,615**	**9,034**	**6,634**
Civic	1,650	1,642	3,983	4,156	8,499
Accord	7,610	6,864	17,699	18,505	13,750
HONDA	**9,260**	**8,506**	**21,682**	**22,661**	**22,249**
MAZDA*	**2,300**	**3,005**	**7,006**	**9,439**	**10,978**
NISSAN	**2,900**	**3,307**	**7,901**	**8,182**	**6,311**
Corolla	1,700	2,192	4,878	5,125	5,578
Geo Prizm/Nova	1,700	2,204	4,911	5,163	5,602
NUMMI	**3,400**	**4,396**	**9,790**	**10,288**	**11,180**
SUBARU-ISUZU	**1,190**	**986**	**2,514**	**2,586**	**1,600**
TOYOTA	**4,500**	**4,500**	**11,317**	**11,847**	**12,004**
TOTAL BIG 3	**84,362**	**55,929**	**176,419**	**185,458**	**104,826**
TOTAL TRANSPLANT	**27,175**	**29,140**	**80,704**	**73,000**	**71,026**
TOTAL CARS, U.S.	**111,538**	**85,070**	**246,123**	**258,500**	**175,850**
TOTAL CARS, CANADA	**22,574**	**17,029**	**45,466**	**46,857**	**26,873**
U.S., CANADA CARS	**134,112**	**102,107**	**291,529**	**305,357**	**202,729**
U.S., CANADA CARS AND TRUCKS	**298,570**	**158,854**	**448,440**	**471,194**	**382,323**

Monthly estimates may contain error of one or two units due to rounding.
*Total includes MX-6, 626, and Ford Probe.

CANADIAN CAR

	Week Ended Jan. 19, 1991	Week Ended Jan. 12, 1991	Jan. to Date	Jan. 1 to Jan. 19, 1991	Jan. 1 to Jan. 20, 1990
Monaco	0	0	0	0	1,894
Premier	0	0	0	0	401
CHRYSLER CORP.	**0**	**0**	**0**	**0**	**2,295**
Tempo	3,687	0	5,093	5,445	3,552
Topaz	931	0	1,512	1,657	1,248
Crown Victoria	971	0	971	971	4,006
Grand Marquis	0	0	0	0	5,480
FORD MOTOR CO.	**5,589**	**0**	**7,576**	**8,073**	**14,286**
Celebrity	0	0	0	0	0
Cutlass Ciera	1,780	1,780	4,130	4,272	0
Lumina	4,625	5,174	9,799	9,799	0
Regal	3,375	2,796	6,173	6,173	0
GENERAL MOTORS	**9,780**	**9,752**	**20,102**	**20,244**	**0**
CAMI	**2,800**	**2,806**	**5,536**	**5,864**	**0**
HONDA	**2,150**	**2,894**	**5,228**	**5,476**	**5,998**
HYUNDAI	**975**	**982**	**2,223**	**2,290**	**930**
TOYOTA	**1,280**	**1,365**	**3,310**	**3,471**	**2,888**
VOLVO	**180**	**180**	**431**	**449**	**584**
TOTAL CARS, CANADA	**22,574**	**17,029**	**45,466**	**46,857**	**26,873**

U.S. TRUCK

Caravan	1,900	2,124	5,165	5,450	5,631
Dakota	0	2,027	2,893	3,109	3,134
Caravan C/V	0	3	6	7	315
Ram pickups	0	2,031	2,908	3,127	3,566
Total Dodge	**1,900**	**6,185**	**10,971**	**11,693**	**12,646**
Cherokee	0	0	0	0	3,500
Comanche	0	0	0	0	150
Grand Wagoneer	0	0	0	0	200
Wagoneer	0	0	0	0	50
Total Jeep	**0**	**0**	**0**	**0**	**3,900**
Voyager	1,900	1,824	4,510	4,706	5,344
Town & Country	0	26	62	71	180
Total C-P Div.	**1,900**	**1,850**	**4,572**	**4,777**	**5,524**
CHRYSLER CORP.	**3,800**	**8,035**	**15,543**	**16,470**	**22,070**
Aerostar	4,000	0	5,870	6,337	3,200
Bronco	0	0	456	572	1,999
Bronco II/Explorer	5,456	5,151	12,777	13,320	4,322
Navajo	459	390	1,022	1,065	0
Econoline	0	0	1,526	1,907	6,541
Mediums/Heavies	1,066	0	1,622	1,761	3,145
Light trucks	3,040	773	8,182	9,274	17,132
Ranger	2,487	6,036	11,839	12,668	7,956
Total Ford Div.	**16,508**	**12,350**	**43,295**	**46,904**	**44,295**
FORD MOTOR CO.	**16,508**	**12,350**	**43,295**	**46,904**	**44,295**
Astro	2,028	2,543	5,582	5,835	0
Blazer	192	0	192	192	0
Lumina APV	1,183	0	1,183	1,183	3,700
Mediums/Heavies	200	239	526	548	775
P-Model	325	0	325	325	374
Pickups	5,972	53	6,056	6,064	5,446
S-10	6,387	5,578	14,706	15,391	9,601
S-10 Blazer	951	785	2,274	2,409	97
Sportsvan/Van	1,050	0	1,050	1,050	0
Suburban	641	0	641	641	0
Total Chevrolet	**18,929**	**9,198**	**32,536**	**33,638**	**19,993**
Jimmy	61	0	61	61	0
Mediums/Heavies	400	346	941	990	803
P-Model	175	0	175	175	36
Pickups	2,401	47	2,464	2,468	2,852
S-15 Sonoma	1,464	1,445	3,559	3,721	2,743
S-15 Jimmy	484	515	1,220	1,275	29
Safari	832	1,225	2,519	2,635	0
Suburban	374	0	374	374	0
Vandura/Rally Vans	241	0	241	241	0
Total GMC	**6,432**	**3,578**	**11,554**	**11,940**	**6,463**
Silhouette	258	0	258	258	1,489
Bravada	523	395	1,062	1,098	0
Total Oldsmobile	**781**	**395**	**1,320**	**1,356**	**1,489**
Pontiac Trans Sport	**658**	**0**	**658**	**658**	**3,207**
GENERAL MOTORS	**26,808**	**13,171**	**46,868**	**47,992**	**31,152**
NAVISTAR	**1,645**	**1,635**	**3,280**	**3,280**	**3,854**
NISSAN	**2,770**	**3,271**	**7,562**	**7,930**	**8,142**
SUBARU-ISUZU	**1,250**	**950**	**2,430**	**2,497**	**1,600**
AM GENERAL	**400**	**400**	**1,160**	**1,250**	**1,350**
MISCELLANEOUS	**2,650**	**2,650**	**7,700**	**8,300**	**9,000**
TOTAL TRUCKS, U.S.	**55,823**	**42,462**	**127,035**	**134,223**	**121,563**

CANADIAN TRUCK

Caravan	3,021	2,732	7,091	7,425	10,061
Caravan C/V	77	82	206	218	617
Ram Wagon	0	0	0	0	0
Ram Van	0	0	0	0	0
Total Dodge	**3,098**	**2,814**	**7,297**	**7,643**	**10,678**
Voyager	1,922	2,229	5,218	5,485	7,905
Total Plymouth	**1,922**	**2,229**	**5,218**	**5,485**	**7,905**
Wrangler	0	1,547	2,315	2,507	0
Total Jeep	**0**	**1,547**	**2,315**	**2,507**	**0**
CHRYSLER CORP.	**5,020**	**6,590**	**14,830**	**15,635**	**18,583**
FORD MTR. (R. trks.)	**0**	**0**	**1,330**	**1,672**	**5,298**
Light trucks	3,265	3,310	7,625	7,888	9,998
Vans	0	0	0	0	2
Total Chevrolet	**3,265**	**3,310**	**7,625**	**7,888**	**10,000**
Light trucks	985	973	2,786	2,993	3,592
Vans	0	0	0	0	1
Total GMC	**985**	**973**	**2,786**	**2,993**	**3,593**
GENERAL MOTORS	**4,250**	**4,283**	**10,411**	**10,881**	**13,593**
CAMI	**1,280**	**1,246**	**2,965**	**3,095**	**0**
NAVISTAR	**165**	**164**	**331**	**331**	**557**
TOTAL TRKS., CANADA	**10,835**	**12,285**	**29,875**	**31,614**	**38,631**
U.S., CANADA TRKS.	**66,458**	**54,747**	**156,911**	**165,837**	**159,584**

Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz.

Car output climbs 31% to 111,538

By Anne E. Wright
CHIEF STATISTICIAN

All U.S. assembly plants will be closed today in observance of Martin Luther King's birthday.

Scheduled U.S. output of 111,538 cars last week was 31.10 percent above the prior week's total and 32.59 percent over the same week in 1990.

Year-to-date, 258,500 cars have been produced, 47 percent above 1990's total.

Truckmakers scheduled 55,823 units last week, 31.47 percent above the prior week and 2.28 percent above the year-ago week.

So far this year, 134,223 trucks have been assembled, 10.41 percent ahead of 1990.

General Motors reported that two plants will be idle this week: the Lansing, Mich., (Reatta Craft Centre) car plant and the Baltimore truck plant.

Ford Motor Co. has extended downtime for one week at the following plants: St. Paul, Minn.; Atlanta; and the car line of the Lorain, Ohio, facility. Downtime at the Wayne, Mich., truck plant has been extended for two weeks.

Ford resumed one shift of production at the Edison, N.J., truck plant today.

Ford's Hermosillo, Mexico, facility is idle this week because of weak sales. The plant produces the Ford Escort and the Mercury Tracer for sale in the United States.

Mazda Motor Manufacturing (USA) Corp. reduced each of its two shifts by 70 minutes each day last week in response to a 20 percent decrease in orders for the Ford Probe. The reduction is scheduled through Feb. 2.

Five of Chrysler's seven car and truck plants are slated to operate this week. The Warren, Mich., and the Sterling Heights, Mich., truck plants are idle.

Canada cars rise to 22,574

Canadian auto output was scheduled at 22,574 units last week, 32.56 percent above the prior week and 68.46 percent over the 1990 week.

Canadian truckmakers estimated assembly at 10,635 units last week, 13.43 percent below the prior week and 20.19 percent below 1990.

Production at GM's Scarborough, Ontario, truck plant has been reduced to one shift effective today. The plant will run alternating shifts until the end of February.

NOTE

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Automotive News

January 28, 1991

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DEALS STALL

Unrest and lack of cash cloud Soviet auto ventures with West

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, Germany — Lack of funding and political upheaval in the Soviet Union are combining to put the brakes on four proposed automotive ventures involving Western firms.

Specifically:

- Chrysler Corp.'s talks with the light-truck manufacturer RAF in the embattled Baltic state of Latvia appear to be going nowhere.
- Plans by Italy's Fiat S.p.A. and France's Automobiles Peugeot to build some 1 million cars a year in separate ventures are proceeding through difficulties.
- A proposed joint venture between Germany's Mercedes-Benz AG and Japan's Mitsubishi Motors Corp. to build as many as 300,000 mid-sized cars a year has been placed on hold.

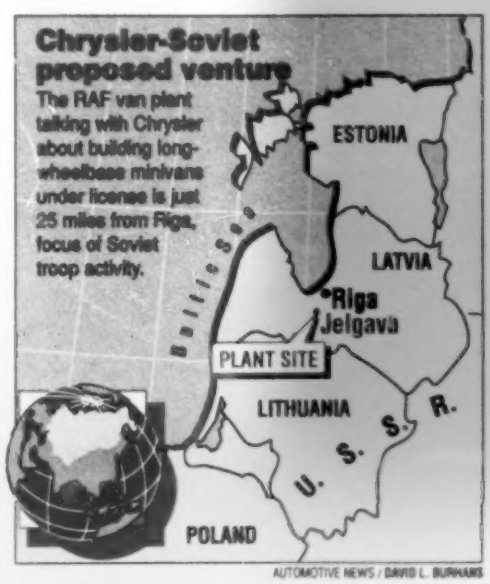
"The general economic situation in the Soviet Union is so depressed that they have postponed the thing," a Mercedes spokesman said. "Passenger cars are not a priority for them."

Two years ago, Ford Motor Co.'s talks with Soviet officials about possible production of the Scorpio sedan at the GAZ plant in Gorki collapsed, primarily because of financial issues.

Chrysler's talks with the RAF factory in Jelgava, not far from the strife-torn Latvian capital of Riga, are understood to have involved licensing the Voyager minivan. Last year, Chrysler officials confirmed talks with RAF and also with the UAZ factory in the Soviet Union.

The two sides discussed replacement of the Latvian

see SOVIETS, page 45



AUTOMOTIVE NEWS / DAVID L. BURHANS

War, recession batter buyers; industry retreats

Plants shut as sales fall 25%

This story was reported by Automotive News Staff Reporters Joseph Bohn, Kristine Stiven Breese, Laura Clark, Phil Frame, Jim Henry, Kathy Jackson and Liz Pinto.

The Persian Gulf War and a widening recession are beginning to pummel auto industry sales, forcing cutbacks in dealer orders and factory output.

Domestic manufacturers moved swiftly to close 11 plants this week in response to a sharp drop in dealer orders. At the same time, Big 3 and transplant vehicle sales dropped 25.5 percent for Jan. 11-20.

Big 3 shut 11 plants, Page 42

Even some previously high-flying importers like American Honda Motor Co. Inc. and Toyota Motor Sales U.S.A. Inc. are getting shot down.

Among the automakers producing vehicles in the United States, only Mazda Motor of America Inc. and Nissan Motor Corp. in U.S.A. reported sales increases.

The Big 3 and transplant carmakers delivered 191,029 cars and trucks in mid-January, 25.5 percent fewer than a year earlier. The falloff was exaggerated by the fact that there were eight selling days this year and nine last year.

A total of 124,240 cars were sold, a 20.3 percent drop; truck deliveries of 66,789 plunged 33.7 percent.

Toyota reported the biggest sales plunge among domestic automakers; its sales fell 44.8 percent. Chrysler Corp. does not report 10-day sales. *Automotive News* estimated that Chrysler's total vehicle sales were down 43.4 percent.

Cadillac was the only Big 3 car division that had an increase in sales. Cadillac's sales rose 33.2 percent; Lincoln suffered a 50.6 percent drop in deliveries.

All domestic truckmakers except Nissan reported sales declines.

Import sales weren't much better, but when combined with domestic deliveries, the sales decline wasn't quite as bad. A total of 301,992 imported and domestic vehicles were delivered in mid-January, down 23.2 percent from last year.

The four automakers that reported import car sales delivered 17,835 cars in the mid-January period, 31.57 percent fewer than last year. Pontiac and Mercury were the only import makes with increased sales.

Automotive News estimated all other import car sales of 31,019, down 9.63 percent from mid-January last year.

General Motors and Toyota are the only automakers that report import truck sales. They sold 4,563 trucks, down 31.56 percent.

Automotive News estimated other import truck sales at 8,692, a 5.36 percent drop from last year.

see SALES, page 42

Ford may swing ax at suppliers

One-third could be dumped to provide jobs for UAW members

By Kathy Jackson
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. may ax as many as a third of its 3,000 suppliers under an agreement with the UAW to try to create jobs for union members.

At a week-long meeting of top Ford and UAW officials in Florida this month, Ford agreed to give the union a list of all its suppliers so the union can target the ones with which it believes it can compete.

That list should be in the union's hands by mid-February.

The Florida meeting was called to update the company and the union on provisions in the national contract that was signed last October. Those present included Jack Hall, Ford's chief bargainer, and Ernie Lofton, UAW vice president in charge of the union's Ford department.

Under the new contract, Ford agreed to work with the union to preserve and to replace jobs that may be lost due to outsourcing. The contract gives the union the right to bid for those jobs and to bring the work in-house to Ford plants.

Jeff Washington, president of UAW Local 900 in Detroit, who attended the Florida meeting, said Ford officials claimed that about a third of Ford's suppliers could be eliminated and replaced by UAW workers.

> We must show we can do the jobs on a competitive basis.
>
> **Ernie Lofton**
> UAW vice president

"We need more control over

see SUPPLIERS, page 43

'Call to arms' requires credit firms to trim interest rate on car loans

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

It's a small favor to anyone on active duty in the Persian Gulf war. But under the Soldiers and Sailors Relief Act of 1949, National Guard personnel and reservists called to active duty are entitled to have interest rates on car loans and mortgages reduced to 6 percent, which could cost lenders an estimated $12 million annually.

As a result, all of the Big 3 automakers, their subsidiaries and other lending institutions are busy rewriting loans for men and women in service. On a $12,000 48-month auto loan at 12 percent, the lender would lose about $300 a year at the lower rate.

An estimated 40,000 reservists called to active duty have car loans.

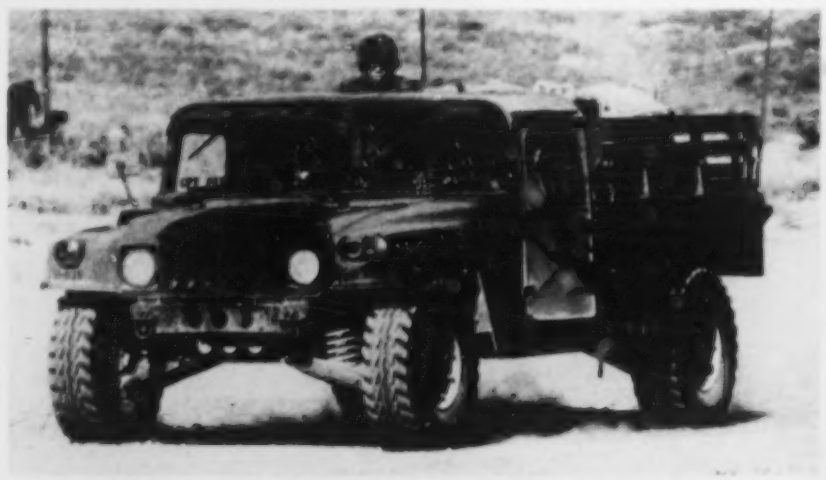
Despite flagging auto sales and sinking profits, none of the automakers are tracking the number of loans being rewritten, nor are they calculating projected losses caused by reducing interest rates.

Rob Strickland, manager of customer relations at Ford Motor Credit Co., said the law requires creditors to rewrite interest rates on installment loans to 6 percent simple interest while a soldier or sailor is on active duty. "We go beyond that by deferring a customer's payments to the end of the contract if they are in tough financial straits," he said.

Automakers also have extended reduction of interest rates to auto leases.

Deferring payments may not be as gener-

see LOANS, page 44



For U.S. military forces in the Middle East, the Hummer is their "ship of the desert." It can be outfitted in several body styles and may someday be available to civilians. Story on Page 2.

NADA's new top man:
Frank Anderson Jr. got started in the car business in the Depression riding around with his father, who was selling Dodge trucks. Next month he takes over as NADA president. Story on Page 3.

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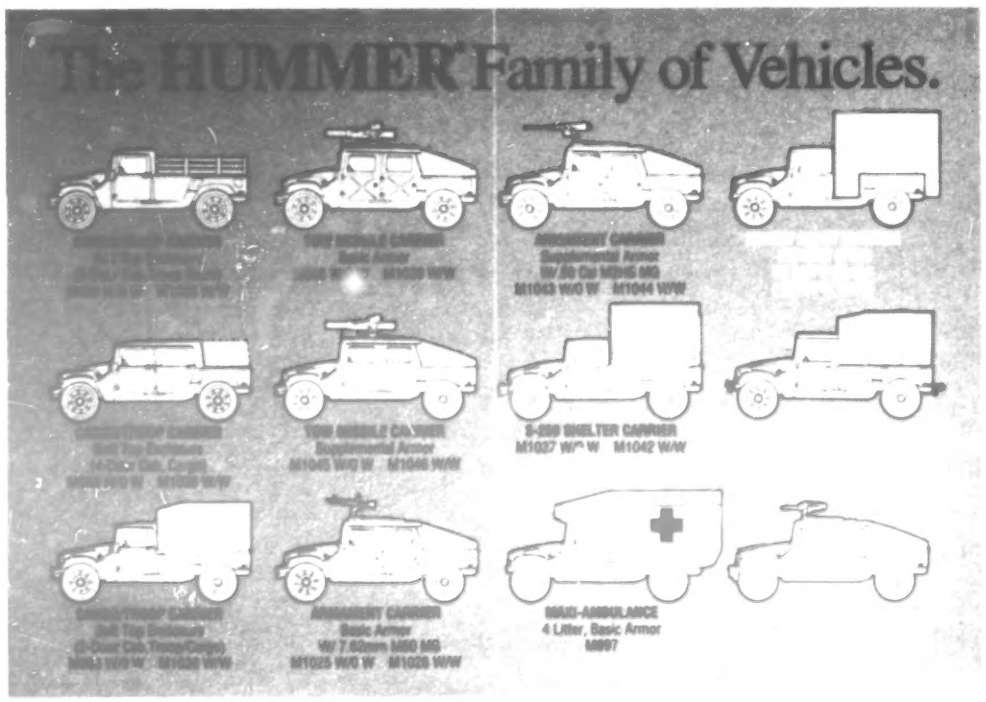
NEXT JEEP?

Hummer maker considers citizen version

By Jack Keebler
AUTOMOTIVE NEWS STAFF REPORTER

Like the Jeep before it, the Hummer could come home from war to the Persian Gulf and itself undergo a civilian conversion.


The HUMMER Family of Vehicles.
M1043 W/O W M1044 W/W
M1037 W/O W M1042 W/W
M1045 W/O W M1046 W/W
M1025 W/O W M1026 W/W
4 Liter, Basic Armor
M997

Hummers, built in Mishawaka, Ind., are offered with a desert package that includes secondary fuel and oil filtration.

see HUMMER, page 44

WAR PAY:

Honda supports called-up workers best; Two makers may improve their plans

By Colleen McDonald
SPECIAL TO AUTOMOTIVE NEWS

Two automakers are considering giving more support to employees who are called to active duty.

Honda of America Manufacturing already has said it will make up the full difference in pay for its workers — military pay is about a third of factory pay — for as long as they are on duty. The Big 3 have been making up the difference for just 30 days. Most transplants are somewhere in between.

Health benefits are kept up for the same periods.

Both General Motors Corp. and Toyota Motor Manufacturing USA Inc. are reviewing their 30-day policies for possible extension, said spokesmen.

The law requires only that pay differences be made up for two weeks and a reservist's job be held open until active duty is complete.

At least 476 employees of automakers are among the 188,000 reservists who have been called up so far, and another 2,294 are in reserve units.

● At Honda of America Manufacturing Inc., 17 employees have been called up to active duty; 65 more remain in the reserves.

● At Toyota Motor Sales USA Inc., four workers have been called up; 50 more are in the reserve. Spokesman John McCandless said they will receive full pay and benefits up to one full year. At Toyota Motor Manufacturing USA Inc., 12 workers have been called up; close to 100 remain in the reserves, said spokesman Jim Wiseman. The difference in pay is made up for 30 days, but a proposal to extend support for six months is being considered, said Wiseman.

● At Nissan Motor Corp. in U.S.A., 11 employees have been called up; another 68 are in reserves, said spokeswoman Janice Cunningham. Pay difference is made up for 180 days, she said.

● At General Motors, nearly 300 employees, including three from Saturn, have taken military leave. Spokesman John Maciarz would not say how many were on active duty, and he said he did not know how many other employees are in the reserves.

"The 30-day policy was constructed to alleviate financial strain on the GM employee and family, and to show we care and support our military," he said.

Maciarz said that the present policy is being re-evaluated because the callup is lasting longer than first expected.

● At Chrysler, 57 reservists have been called to active duty, said spokesman Lee Sechler. He said he did not have the number of employees in the reserves. The 30-day policy is not being reviewed, said Sechler.

● At Ford, 70 workers have been called up; 2,000 are in the reserves, said spokeswoman Lin Cummins. The 30-day policy is not being reviewed, said spokesman Jim Foote.

● At Mazda Motor Manufacturing (USA) Corp., two employees have been called up; 12 more are in the reserves, said spokesman Tom McDonald. Pay will be made up for 90 days.

Dealers wary of patriotism as sales tool

By Arlena Sawyers
AUTOMOTIVE NEWS STAFF REPORTER

Dealer ad groups and dealers who had been running ads with patriotic themes in weeks leading up to the Gulf war have backed away from the theme to avoid any impression that they are trying to capitalize on the war.

The 4-County Honda Dealers in metropolitan Detroit and the Kansas City Region Toyota Dealers Association had been running television commercials to let consumers know that some of their vehicles are built in the United States.

The Honda ad features a man reading his newspaper over breakfast. The voiceover informs him that "the No. 1 selling car in America is made by Americans in America."

The Toyota ad carries the themeline "Toyota value is downright American."

Both groups said the ads were created before the war started and there are no plans to run the ads currently.

see ADS, page 44

Toyota president backs U.S. effort

TOKYO — While the Japanese public generally remains aloof from the Gulf war and opposes the government plan to give another $9 billion to the cause, Toyota Motor Corp. is waving an American flag of support.

"That situation is not just someone else's problem, and we support Japanese contribution efforts," said Shoichiro Toyoda, president of Toyota Motor Corp., at a press briefing.

"We are an American company," he said afterward. "We are in Kentucky. Our own people are being called up in the reserves. We feel that what is happening there is happening to ourselves.

"I believe the Japanese government has to start making its efforts in earnest, and the Japanese people have to recognize this matter requires urgent action."

Toyoda: "We are an American company."

— Mary Ann Maskery

Big 3 intensify efforts to reduce costs

By Phil Frame and Laura Clark
AUTOMOTIVE NEWS STAFF REPORTERS

About 250 top General Motors suppliers were asked by the automaker to cut costs, and each will get a personal visit from GM purchasing executives to discuss potential savings.

The GM action is part of the current round of Big 3 cost-cutting.

No across-the-board target percentage for cuts was included in a letter sent to suppliers Jan. 10 by Donald Pais, GM vice president in charge of the materials management staff.

GM does have an internal overall goal for savings from suppliers, but is not making the figure public, said Merrill Almquist, executive director of purchasing activities.

In one-on-one meetings with suppliers, GM is offering long-term contracts of three years or more in exchange for actual price cuts of 3 percent in the first year and 2 percent in each of the next two years, according to a supplier. The cuts must be real: Suppliers may not hold prices and claim they are lower because of inflation.

"He (Pais) just summarized . . . the overall competitive environment and the need for us to work jointly in cost reduction," Almquist said. "He went on to indicate they would be contacted personally by executives from the materials management staff from each of the divisions."

At a supplier conference in early December, Ford Motor Co. asked its suppliers for a 1 percent price reduction starting Jan. 1 on components, material, machinery and equipment.

Chrysler Corp. said last week it has not asked its suppliers for price cuts.

The GM visits, which have started, are from senior purchasing officials from Buick-Oldsmobile-Cadillac Group's Cadillac, Flint and Lansing automotive divisions, the Chevrolet-Pontiac-Canada Group, Powertrain Division, Truck

see CUTS, page 44

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Industry groups file suit to block N.Y. air law

By Helen Kahn
SENIOR CORRESPONDENT

WASHINGTON — The auto industry has challenged New York's plan to adopt California emission standards beginning in the 1993 model year.

The suit, filed by the Motor Vehicle Manufacturers Association and the Association of International Automobile Manufacturers, seeks to overturn the regulation, which took effect last November.

The decision could have major ramifications for the industry. The new federal Clean Air Act mirrors California's emissions standards when it begins to take effect in model year 1994.

Massachusetts moved first to adopt California standards and passed a law — but has yet to write regulations. Other states in the Northeast may follow, and Texas and Illinois have considered it.

The 1977 Clean Air Act allowed states to adopt California standards as long as they gave two years notice.

Until last year, no state had exercised that right. But states are discovering they may be able to comply with federal clean air standards earlier — and not be subject to other more onerous requirements — by cracking down on cars a year earlier than the new bill would require.

The states would be avoiding penalties applied to heavily impacted urban areas that might affect vehicles, highway funding and construction projects.

General Motors, Ford and Chrysler also are named as plaintiffs in the suit. So is Bob Johnson Chevrolet in Rochester, N.Y. The dealer claims his costs would rise significantly, his choice of vehicles for sale would shrink and his duties to inspect, maintain and service would increase if the rules are passed.

The industry's suit, filed in the State Supreme Court in Albany, argues that only legislators can vote to adopt California standards. It can't be done by regulators, the suit contends.

The New York rules were set by Thomas Jorling, commissioner of New York's Department of Environmental Conservation and a former official with EPA in Washington.

Jorling thinks the industry tried to kill the California adoption provision in the federal law, but so far the industry has not objected to the Massachusetts law.

The main thrust of the suit is against the additional burdens because New York wrote rules that differ from California's.

Manufacturers are concerned about changes in sampling of assembly line testing; about defect and warranty data reporting; about redefinition of small volume makers; and about bringing in vehicles from out of state.

But the most important point, according to the manufacturers, is how many engine families are involved. These are crucial because development of emission systems may stop long before production stops.

States are discovering they may be able to comply with federal clean air standards earlier by cracking down on cars a year earlier than the new bill would require.

CLEARING THE AIR

Under California rules, automakers will be required to meet strict tailpipe emissions standards in the 1993 model year. But under the new federal Clean Air Act, cars sold in the rest of the country will have to meet those same limits between the 1994 and 1996 model years. A second nationwide phase could begin in 2003 if the EPA says it's necessary.

Emission	Current limit	1993 Calif. 1994-96 U.S.	Possible U.S. 2003
Hydrocarbons	0.41 gpm	0.25	0.125
Carbon monoxide	3.4 gpm	3.4	1.7
Nitrogen oxide	1.0 gpm	0.4	0.2

Autolatina boosts prices 19.9%

By Rik Turner
STAFF CORRESPONDENT

SAO PAULO, Brazil — Despite a pricing row with the Brazilian government, Autolatina raised prices 19.9 percent last week. Autolatina is the joint venture between Ford Motor Co. and Volkswagen AG.

The increases come amid soaring inflation in Brazil. Since late last year, inflation has been rising 20 percent per month.

Autolatina is facing charges that it has increased prices in recent months in excess of inflation even though sales are down and dealers have had to offer discounts to clear their stocks.

Two other Brazilian automakers, Fiat and General Motors, also raised prices last week, but much less than Autolatina. Fiat's prices went up 9.9 percent, and GM's increases ranged from 6 percent to 9.7 percent.

The charge against Autolatina was made in December by Economy Minister Zelia Cardoso de Melo.

Cardoso de Melo forwarded her complaints to the justice minister. He sent them to the secretariat for economic defense, which is in charge of protecting consumers and impeding monopoly practices.

Autolatina directors were summoned to Brasilia late last year and were given until Jan. 18 to provide detailed information to the secretariat on the company's investment plans for the next three years.

That information, much of it confidential, was delivered Jan. 18, according to a spokesman for the company. The spokesman said Autolatina is not engaged in cartel pricing and that the price increases have been made to cover higher costs for parts and other expenses.

The government is studying the documents for further action.

The Autolatina spokesman said that if anything is done, it will be on the price question and not, as has been speculated in the local press, on the composition of Autolatina. Cardoso de Melo has expressed interest in investigating the partnership, which was announced in 1986 and began operating in 1987. Ford and VW now control 60 percent of the Brazilian market.

RANDY SANTOS

Fairfax County, Va., sheriff's deputies talk with Chrysler dealer Will Graves, center, after executing a court order to take over the dealership for Chrysler Credit Corp.

POPULAR MECHANICS/JIM DUNNE

Mercury dealers gain a minivan for the 1993 model year, a vehicle about the same size as Plymouth's Voyager.

First peek at Ford, Nissan minivan

Ford Motor Co. is testing near-final versions of its new minivan, which is being jointly developed with Nissan. The vehicle will be built at a Ford plant in Avon Lake, Ohio, and is set for a spring 1992 introduction as a 1993 model.

The tape disguise and front and rear coverings, above, cloak softly rounded styling similar to the Toyota Previa with flush-mounted glass and door handles. But it has a squat car-like stance akin to Mazda's MPV or the Chrysler minivans, which the Ford/Nissan entry virtually mirrors in dimensions.

Power will come from a transversely mounted 3.0-liter V-6 that will be sourced initially in Japan but later will be built at Nissan's plant in Smyrna, Tenn.

A crease down the right side indicates that the rear door slides along the body rather than opening outward. The backlight runs the width of the one-piece liftgate.

The Ford version likely will be called the Villager; it will be sold only through Lincoln-Mercury dealers.

Chrysler Credit claims delinquent Va. dealership

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

Maverick Chrysler dealer Will Graves was talking on the phone with his lawyer last Thursday when sheriff's deputies and Chrysler Credit Corp. employees trooped into his dealership in the Washington suburb of Falls Church, Va.

By the time Graves hung up, Chrysler had taken possession of virtually everything inside Graves Quality Chrysler-Plymouth, and the deputies had shooed his employees out the door.

Before long, his 109-car inventory was loaded on car carriers and driven away, to be used to partially satisfy an overdue debt of $2.6 million.

The following day, Graves was philosophical, angry, upbeat, defiant, grimly humorous and in shock — all at the same time.

"They asked me for $2.6 million, and I didn't have it on any given day to give it to 'em," he said last Friday.

Graves said most of the debt was for floorplanning.

To pitch in and try to save the dealership, Graves said half of his 22 employees had been working without pay since Jan. 1, and half were getting only part of their pay.

Despite everything else that had happened, it really seemed to bug him that the Chrysler people didn't wait for him to get off the phone before they started taking over.

Chrysler Corp. spokesman Tom Jakobowski said Chrysler Credit obtained a seizure order from the Fairfax County (Virginia) Circuit Court.

The 36-year-old Graves said he made a name for himself with touches like giving out his home phone number with every car sold and in every advertisement, as well as delivering free loaner cars to service customers.

He said the dealership had exceeded all of Chrysler's goals for customer satisfaction and sales, but the business had been plagued by financial troubles and run-ins with Chrysler Credit since he bought it 2½ years ago.

"The two things you need in this business are ability and money," Graves said, "and we were long on ability but short on money. We are very profitable in every department — except new cars."

He said he was in the midst of his "grand opening" in February 1989 when Chrysler Credit called and told him the dealership had been put on "finance hold," meaning he would get no more cars to sell until further notice. Graves estimated that the store was on finance hold about one-third of the time that he owned it.

GM dealers happier, Power survey reports

Happier days appear to be here again for General Motors dealers.

Each of GM's car and truck divisions scored significant gains in J.D. Power & Associates' 1990 dealer attitude survey. The annual study, reflected in Power's Dealer Satisfaction Index, allows dealers to grade manufacturers in four areas: business terms, service support, sales support and vehicle supply.

In 1990, dealers representing 14 divisions gave their franchises higher scores than in 1989. Half of the gainers were GM divisions. Pontiac's score was up four points; Geo rose an industry-leading nine points. Buick, GMC, Oldsmobile, Cadillac and Chevrolet all gained between five and seven points.

Only Porsche, Honda and Mercedes-Benz improved as much a. any GM nameplate. Last year's top scorer, Range Rover, also improved, but it was topped by newcomer Lexus.

Chevrolet, Geo and GMC — which were at the bottom of the list a year ago — still fall below average on Power's index. So does Oldsmobile. Buick, Pontiac and Cadillac — the three top domestic brands — were just above average.

In its 1990 survey, Power did not release below-average scores; they were obtained independently by *Automotive News*. Power did release them in 1989, though, making industry-wide year-to-year comparisons possible.

DEALER SATISFACTION INDEX

Division	1990	1989	Change
Lexus	139	—	—
Ranger Rover	128	125	+3
Acura	117	117	—
Mercedes	116	112	+4
Honda	114	109	+5
Audi	109	109	—
Toyota	108	108	—
Saab	105	103	+2
Mitsubishi	105	109	−4
Volvo	103	103	—
Mazda	103	103	—
Buick	103	97	+6
Cadillac	102	97	+5
Volkswagen	102	104	−2
Porsche	100	95	+5
Pontiac	99	95	+4
Isuzu	99	101	−2
1990 average			
Daihatsu	99	100	−1
Geo	98	89	+9
Lincoln-Mercury	97	99	−2
Ford	97	99	−2
Nissan	97	99	−2
Hyundai	97	98	−1
Oldsmobile	97	92	+5
Subaru	96	96	—
Dodge	96	94	+2
Chrysler-Plymouth	96	95	+1
Chevrolet	96	89	+7
GMC	95	88	+7
BMW	93	96	−3
Merkur	—	91	—
Eagle	90	91	−1
Jeep	90	90	—
Suzuki	87	92	−5
Average	99	97	

SOURCE: J.D. Power and Associates, Automotive News. J.D. Power did not release below-average 1990 scores to the public.

GM's newest division, Saturn, scored an industry-high 147. But Saturn, Infiniti (133), Sterling (102), Jaguar (101) and Alfa Romeo (100) were listed on a separate scorecard for new operations or small samples.

2 RV executives buy Starcraft

Owners promise to repay dealer holdback, warranty claims

By Joseph Bohn
TRUCK EDITOR

Two RV executives have purchased Starcraft Corp. of Goshen, Ind., for $12 million. They promise to repay dealer holdbacks and warranty claims and restore the company to prominence.

Kelly Rose, former co-owner of ASA Inc. in Elkhart, Ind., an electronics supplier, and Steve Kash, owner of Kentron Inc. in Elkhart, another major van conversion firm, purchased Starcraft Jan. 18. The firm had been in Chapter 11 since December.

Starcraft officials immediately sold the RV operations, which produce motor homes, travel trailers and fold-down camping trailers, to Jayco Inc. of Middlebury, Ind., for an undisclosed amount. Starcraft now produces only van conversions.

Rose, who sold his interest in ASA last August, is Starcraft chairman.

Kash, who also owns Kentron, is Starcraft chief executive officer.

Richard Newberry, who guided Starcraft through its financial difficulties, will stay on as president, chief operating officer and a board member, Rose said.

Newberry also became a stockholder in the firm.

Greg Hardin, formerly an executive with Explorer Van Co. in Elkhart, was named Starcraft vice president of sales last week. He also became a stockholder and board member.

Rose and Kash paid almost twice their original bid for Starcraft after getting into a last-minute bidding war with the Schrock Warrick Group, formed by another pair of Elkhart-area RV executives.

The $12 million included $7 million in cash, plus $5 million paid to CitiCorp for previous loans, Rose said.

Of the $7 million, $2 million was disbursed to unsecured creditors, which include company suppliers and junk bond holders.

Some of the money also went to pay employee medical costs.

Officials also agreed to pay 0.5 percent of their net sales to all unsecured creditors for five years. They estimate they owe about $500,000 to dealers for holdbacks and warranty claims.

"We figure about $35 million was lost in this whole deal (by former investors and creditors)," Rose said. "We're making every effort to restore the confidence of our suppliers, our unsecured creditors.

"We also want to restore dealer confidence in the firm as one of our top priorities," he said.

Rose said that after taking Starcraft out of Chapter 11, he and his partner purchased it "free and clear," with a "very minor" amount of debt.

Its assets are secured with lending institutions, he added.

Rose reportedly became a multimillionaire from the sale of ASA, which he co-founded and operated for 14 years.

Kash is sole owner of Kentron.

Starcraft and Kentron will be operated as separate companies, Rose said.

He conceded that there should be some synergies between the two van conversion operations that "we ought to be able to take advantage of."

He said Newberry, as Starcraft president and chief operating officer, and Richard Roush, as Kentron executive vice president and chief operating officer, will explore ways to cooperate for the benefit of both firms.

Starcraft was the industry's third-largest van converter last year.

Kentron was a top 10 pool account with Chevrolet and Ford.

Starcraft has been producing 10 vans a day during its financial difficulties. Rose said his short-term goal is to increase production to 20 a day. At its peak, Starcraft produced 80 a day.

He said longer-term production increases depend on general economic conditions.

"Our short-term goal is to restore Starcraft's name and to build on the strength of the quality people here," Rose said.

Starcraft will exhibit nine vans at next month's National Automobile Dealers Association convention in Atlanta.

BOBBY UNSER AND ANGLO AMERICAN.

Lessons in competition

Europeans see the future today in Japan

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — At home, France and Italy have built a Maginot line of resistance to an onslaught of their markets by the Japanese industry. But in Japan, French and Italian automakers are trying to claim a slice of the Japanese market, however thin.

Trade barriers limit Japanese sales in France and Italy. In 1990 Japanese car sales in Italy were 46,030, or 2.0 percent of the market; in France, Japanese sales were about 79,400, or 3.4 percent of the market.

But that hardly compares to the paltry numbers in Japan, where French sales last year totaled 14,018 units in a market of 5.97 million, 0.23 percent of the market. Italian makes sold 5,933 units, 0.1 percent of the market.

The figures are minuscule, but many of the companies only started to make major investments in the last four years in Japan after a barrage of trade pressures led to an opening of the market and the rising affluence of consumers led to an import boom.

Import sales in 1990 were a record 223,923 units, or 3.7 percent of the Japanese market, but growth rates of about 30 percent a year for the last few years have attracted companies that wasted little time on the market in the past.

Japan's import market — what there has been of it — has been dominated by high priced luxury cars, mostly German. Mercedes-Benz became the No. 1 import in 1990, and cars with engines larger than 2 liters increased to 112,010 units, half of all imports.

Learning from Japan

Growing sales are not the only benefit from doing business in Japan. There is also something to learn, according to Giorgio Donetti, Far East regional director for Fiat S.p.A.

Referring to the effort to restrict Japanese cars in Europe, Donetti said, "We can't keep them out forever." And in the meantime, by selling in the Japanese market, "you can see your car vis-a-vis other cars on the road."

By learning to meet the demands of the Japanese market, Fiat and others can prepare for what might happen in Europe. Automatic transmissions and air conditioning are still not common in Europe, Donetti said. "But in Japan, these are standard. They will be standard in Europe, too."

In Japan, companies must offer what Donetti calls "a complete car." But adding air conditioning and automatic transmission just for the small volume of sales in the Japanese market is expensive, particularly on smaller, low-margin cars.

Moving to the right

In addition, there is the matter of right-hand drive. Although traffic in Japan is regulated for right-hand drive, left-hand-drive imports have been popular for a kind of snob appeal as something different. But Donetti says right-hand drive is a necessity for volume to surpass 2,000 units annually.

Of the 1,843 Fiat cars sold in Japan last year, 20.4 percent offered automatic, but there was no right-hand drive. In the hopes of increasing sales by at least several hundred this year, Fiat will start to increase the use of automatic transmission, reaching 30 percent by 1992, and to add right-hand drive, which will increase to 25 percent in two years.

Fiat's right-hand drive models are built in Italy for the British market. Japan-bound versions get required catalytic converters.

Donetti estimates Fiat sales have a potential of 10,000 to 15,000 annual sales, or more, with the right product line. This year, the Fiat Panda sold in Japan will offer right-hand drive, automatic transmission and electronically controlled variable transmission, which Fiat is buying from Japan's Fuji Heavy Industries.

The Lancia line may have more promise in Japan than Fiat nameplates, Donetti said. The company sold 1,948 Lancia models in Japan last year, 30 percent of them with automatic transmission. The target for this year is 2,700. But the long-range potential, according to Donetti, is closer to the 40,000 to 50,000 unit volume of BMW and Mercedes-Benz.

Peugeot has moved more rapidly in the Japanese market, climbing from 401 units in 1986 to about 5,600 units last year. The target for this year is 8,000. Peugeot also is planning to increase right-hand drive, from the current level of 35 percent to at least 50 percent. Some of these vehicles are imported from Britain, but more and more, a Peugeot spokesman said, the vehicles are being built in France for the Japanese market.

Renault never sold more than 300 units annually in Japan until 1986. But sales were near 2,500 last year, and the company is adding a number of new models, including the Clio, in hopes of reaching 3,500 units this year. Right-hand drive will increase from 7 percent last year to 35 percent in 1991, automatic transmission from 60 to 65 percent. Bela Horvath, director for Renault Export Japon, says the company is trying to introduce models more specifically attuned to Japanese standards and tastes.

Business is costly

A final, and costly, element of any long-term commitment to doing business in Japan is setting up a dealer network. The price of land is growing so high that many foreign businesses now refer to it as a trade barrier. It is particularly difficult for companies that have only started to expand in the market.

So far, 90 dealerships sell Fiat models through a Japanese importer, Summit Motors Japan. Expanding the network is costly, Donetti says, especially when the margin per unit is limited.

Renault also has only 90 outlets, through a Japanese importer, Jax Ltd. Renault is working with Jax to expand the network, but that effort is restricted by the price of land. Horvath estimates it will take about 250 outlets to match the kind of range Renault would like to develop in Japan.

But Renault has an additional option. Horvath says there is the possibility Renault could join forces with its new international partner, Volvo. The two could help each other to boost sales in Japan. Volvo sold a modest 10,915 units in Japan last year and is hoping to boost sales by 39 percent this year.

IMPORTED SALES BY MODEL

	Dec. 1990	Dec. 1989	12 Mos., 1990	12 Mos., 1989
ACURA	**9,933**	**9,857**	**138,384**	**142,051**
Integra	4,508	5,415	83,599	77,423
Legend	5,167	4,442	53,666	64,638
NSX	288	0	1,119	0
ALFA ROMEO	**307**	**171**	**3,482**	**2,858**
Milano	0	48	45	1,078
Spider	96	123	1,888	1,772
164	211	0	1,549	0
ASTON MARTIN*	**5**	**5**	**60**	**60**
AUDI	**1,349**	**1,890**	**21,106**	**21,283**
4000	0	0	1	103
5000	0	7	12	357
80	230	499	4,402	4,591
90	210	257	3,380	4,423
V8 Quattro	224	122	1,934	889
Coupe Quattro	48	74	848	420
100/200	439	786	8,670	8,473
100/200 Quattro	198	145	1,859	2,027
BMW	**6,862**	**4,463**	**63,648**	**64,881**
3 series	2,244	1,918	28,827	31,173
5 series	2,899	1,700	22,523	20,219
635 CSi	8	60	251	1,483
7 series	1,229	708	10,460	10,399
850i	301	0	306	0
M3	56	64	757	979
M5	124	5	515	273
M6	1	7	8	354
CHEVROLET/Geo	**5,335**	**7,982**	**128,745**	**115,504**
Geo Storm/Spectrum	4,237	4,003	86,257	62,232
Geo Metro/Sprint	1,098	3,899	42,488	53,272
CHRYSLER MOTORS	**5,082**	**4,877**	**65,738**	**102,187**
Colt	2,507	2,785	39,602	56,299
Conquest	0	114	896	5,026
Medallion	0	44	475	3,907
Stealth	1,144	0	3,302	0
Summit	748	793	12,735	19,121
Vista	526	553	5,430	12,910
TC	157	588	3,298	2,924
DAIHATSU	**564**	**1,215**	**10,630**	**15,111**
FERRARI*	**80**	**90**	**960**	**960**
FORD Festiva	**2,388**	**4,183**	**52,520**	**69,328**
HONDA	**17,546**	**20,335**	**252,377**	**251,569**
Civic/CRX	4,973	3,685	80,880	61,088
Accord	10,504	15,248	133,683	147,599
Prelude	2,069	1,402	37,814	42,882
HYUNDAI	**13,033**	**10,548**	**137,448**	**183,261**
Excel	7,425	8,088	100,590	153,197
Sonata	3,092	2,460	29,840	30,064
Scoupe	2,516	0	7,018	0
ISUZU	**662**	**577**	**5,837**	**16,296**
I-Mark	25	512	1,272	11,816
Impulse	429	65	3,327	4,480
Stylus	208	0	1,238	0
INFINITI	**3,078**	**1,759**	**23,960**	**1,759**
M30	285	687	8,092	687
Q45	1,818	1,072	12,422	1,072
G20	975	0	3,446	0
JAGUAR	**2,204**	**1,879**	**18,728**	**18,967**
XJ6	1,697	1,383	14,013	14,509
XJ-S	507	496	4,715	4,458
LAMBORGHINI*	**13**	**13**	**156**	**156**
LEXUS	**6,743**	**4,545**	**63,534**	**16,382**
ES 250	1,787	1,563	20,726	4,728
LS 400	4,956	2,982	42,808	11,574
LOTUS*	**27**	**27**	**324**	**324**
MASERATI*	**20**	**20**	**240**	**240**
MAZDA	**9,464**	**13,405**	**153,855**	**184,583**
323	1,632	2,042	22,977	60,965
Protege	3,579	2,828	47,404	9,935
626	767	3,279	20,228	52,770
MX-6	12	33	224	2,222
Miata	2,210	3,295	35,944	23,052
929	854	1,187	16,535	19,390
RX-7	410	741	9,743	16,249
MERCEDES BENZ	**9,158**	**7,113**	**78,375**	**75,714**
190	1,153	1,300	14,145	14,503
300E 2.6/260E	517	635	3,196	5,404
300	2,521	2,040	24,440	22,650
300 SE	943	503	6,661	6,333
350SDL Turbo	330	0	1,477	2
350 SD	240	0	543	0
300SEL	399	316	3,802	3,822
420SEL	964	714	6,715	7,493
560SEL	678	646	4,772	5,460
SL Coupe	1,146	591	9,430	7,477
560SEC	214	225	1,753	1,702
Tourist	53	143	1,441	868
MERCURY/MERKUR	**4,583**	**2,825**	**45,188**	**66,738**
Tracer	3,565	1,727	34,494	57,965
Capri	1,018	0	8,072	0
XR4Ti	0	61	198	4,017
Scorpio	0	237	2,424	4,748
MITSUBISHI	**6,261**	**8,396**	**99,630**	**79,751**
Starion	0	2	18	686
Cordia	0	0	0	382
Tredia	0	0	0	12
Mirage	2,755	5,689	49,679	29,135
Galant	2,690	2,125	40,991	30,511
Sigma	17	111	1,566	2,100
Precis	101	369	4,665	15,037
3000GT	672	0	1,542	0
Wagon	26	100	1,169	1,888
NISSAN	**18,212**	**20,164**	**312,406**	**395,371**
Sentra	1,971	4,229	49,479	118,158
Pulsar	7	453	3,839	23,909
Stanza	3,535	2,253	76,615	42,736
Maxima	7,834	7,253	100,067	109,429
240SX/200SX	3,016	3,325	56,463	68,213
300ZX	1,663	1,509	22,095	26,387
Hawaii	186	1,142	3,848	6,539
PEUGEOT	**346**	**474**	**4,292**	**6,095**
PONTIAC LeMans	**1,790**	**917**	**39,881**	**44,641**
PORSCHE	**881**	**658**	**9,139**	**9,475**
924S/944	0	0	180	136
944	0	82	56	1,320
944S	141	107	2,347	666
944 Turbo	0	76	471	807
911 Carrera 4	437	308	3,650	2,757
911 Turbo	2	7	10	1,043
911 Carrera 2	154	32	1,805	1,914
928S	67	46	620	833
ROLLS/BENTLEY*	**100**	**100**	**1,200**	**1,200**
SAAB	**2,147**	**1,444**	**26,397**	**31,576**
900	335	176	4,640	6,071
900S	362	270	6,048	7,861
900 Turbo	499	434	6,667	8,539
9000S	262	126	2,304	2,674
9000 CD	506	245	3,651	3,109
9000 Turbo	182	186	2,935	3,052
Tourist	1	7	152	270
STERLING	**307**	**361**	**4,015**	**5,907**
SUBARU	**5,396**	**7,846**	**92,729**	**136,112**
Hatchback	0	105	174	2,681
3-Door	0	114	246	7,512
4-Door Sedan	0	251	392	27,381
Legacy	1,327	4,337	49,874	32,762
Loyale	3,032	1,103	26,141	12,200
XT/XT6	112	262	1,276	12,042
Station Wagon	0	188	263	19,998
Justy	925	1,286	14,363	21,536
SUZUKI	**279**	**306**	**6,525**	**8,008**
TOYOTA	**31,865**	**34,247**	**367,134**	**448,249**
Corolla	9,019	10,874	92,258	118,774
Tercel	8,823	7,908	90,808	97,577
Celica	5,055	6,704	78,521	61,936
Supra	355	790	6,419	14,544
Camry	6,588	7,091	72,008	126,279
Cressida	1,095	719	12,863	23,934
MR2	930	161	14,257	5,205
VOLKSWAGEN	**7,718**	**8,148**	**129,705**	**128,503**
Cabriolet	371	403	7,615	9,891
Corrado	459	269	5,675	1,403
Jetta	2,673	4,117	58,314	55,504
Golf/GTI	820	1,098	17,122	22,247
Passat	2,406	0	18,274	0
Quantum	7	7	46	936
Scirocco	2	3	19	867
Fox	980	2,251	22,640	37,655
VOLVO	**5,960**	**5,898**	**89,894**	**102,580**
240 series	2,516	2,067	32,410	40,881
740 series	2,730	3,112	46,070	47,098
760 series	125	635	8,627	11,811
940 series	530	0	912	0
780	38	27	921	2,057
Tourist	21	57	954	733
YUGO	**250**	**628**	**6,359**	**10,576**
IMPORT TOTAL	**179,898**	**186,196**	**2,452,999**	**2,756,171**

*Estimate

Compiled by Karen Dietkowski

Import sales fall 3.4 percent in December

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Import sales fell 3.4 percent to 179,898 in December. For 1990, the import total fell 11.0 percent to 2.45 million.

European imports shone in December, as customers bought cars like the Mercedes-Benz S class and the BMW 5 and 7 series to beat the new luxury tax. The Jan. 1 levy added 10 percent to the amount of the transaction price over $30,000.

European imports rose to 42,327 in December, up 19.3 percent compared to the year-ago month.

Japanese imports fell 10.9 percent to 120,450 in December, closely matching the overall reduction in Japanese imports for the year. For 1990, Japanese imports fell nearly 10 percent to 1.72 million, but that decline was more than offset by increased production of Japanese cars in the United States.

Japan's new luxury imports — Lexus from Toyota and Nissan's Infiniti — enjoyed strong December sales. Infiniti sold 3,078 cars for the month, including 1,818 top-of-the-line Q45 models.

Lexus sold 6,743 cars in the month, including 4,956 of its most expensive model, the LS400. At 63,534 units in its first full calendar year, Lexus sold only 112 fewer cars than BMW of North America.

And BMW needed a banner month, along with its first month of significant sales of its new 850i model, at 301 units, to outsell Lexus for the year. BMW's December sales of 6,862 topped the year-ago month by 53.8 percent.

Monthly sales included 2,899 5 series models, 70.5 percent more than December 1989. Sales of the 7 series were 1,229, up 73.6 percent from the year-ago month. The 7 series starts at $50,900, which now means a $2,090 luxury tax.

Mercedes-Benz of North America had its best sales month in four years at 9,158, up 28.8 percent. The December success helped raise Mercedes sales by 3.5 percent for the year to 78,375. Sales of the 300SE jumped 87.5 percent to 943 in December.